

# MODULE 7: RECEIVABLES MANAGEMENT: REMINDERS AND FINANCE CHARGE MEMOS

## Module Overview

The Receivables Management application area also has a collections management feature to keep track of reminders and other finance charge memos. It includes checking whether amounts due are paid on time. If customers have overdue payments, you must determine when and how to send reminders. Additionally, you might have to debit their accounts for interest and, or fees.

In Microsoft Dynamics NAV 2013, you can generate reminders and finance charge memos.

Reminders are used to prompt customers to pay overdue amounts and to inform them of any additional fees payable.

If customers refuse to pay overdue amounts after they have received the reminders, a finance charge memo can be issued that contains interest charges and, or additional fees. However, the interest charges can also be added directly on the reminders.



**Note:** To successfully perform all demonstrations in this course, the profile and corresponding role center for the Accounts Receivables Administrator must be assigned to your user ID.

*Also, a clean Microsoft Dynamics NAV 2013 database must be used.*

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## Objectives

The objectives are:

- Explain why and when Reminders and Finance Charge Memos are used.
- Set up Microsoft Dynamics NAV 2013 to use reminders.
- Explain how to create and issue reminders.
- Set up Microsoft Dynamics NAV 2013 to use finance charge memos.
- Explain how to create and issue finance charge memos.

## Set Up and Assign Reminder Terms

Reminder terms specify when and how reminders are created. As soon as the reminder terms are created, the **Reminder Term Code** is assigned to the relevant customers.

A reminder term contains different reminder levels and determines how many reminders are sent to a customer. Each level will determine when and how the reminder is created. Typically, the first reminder for an invoice will have a different look than the second and third reminder.

For example, a **Reminder Term Code** can be set up with three reminder levels and it can have no more than five reminders.

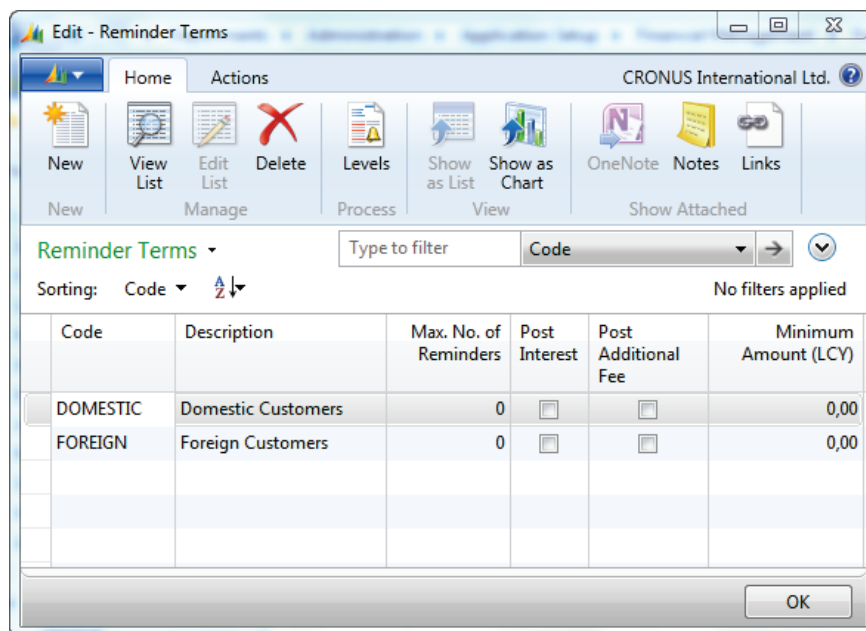
- In Microsoft Dynamics NAV 2013, a given overdue invoice can appear on no more than five reminders. The first reminder will be created according to the conditions set up on level 1, the second on level 2, and the rest on level 3. This means that the third, fourth and fifth reminder will look identical.
- As soon as one of the overdue invoices appears on five reminders, all reminders to the customer are blocked until that particular invoice is paid. Even if the customer has other overdue invoices that have not yet reached the maximum, additional reminders cannot be created. Typically, this is when a company hands over the customer dossier to a layer or another external collections company that will handle the collection of all overdue invoices. By doing this, the company no longer has to keep sending reminders to that customer.

### Reminder Terms

To access the **Reminder Terms** page, follow these steps.

1. On the **navigation** pane, click **Departments**.
2. Click **Administration**, and then click **Application Setup**.
3. On the Application Setup page, click **Financial Management > Finance > Reminder Terms**.

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**FIGURE 7.1: REMINDER TERMS WINDOW**

The **Reminder Terms** page contains the fields shown in the following table.

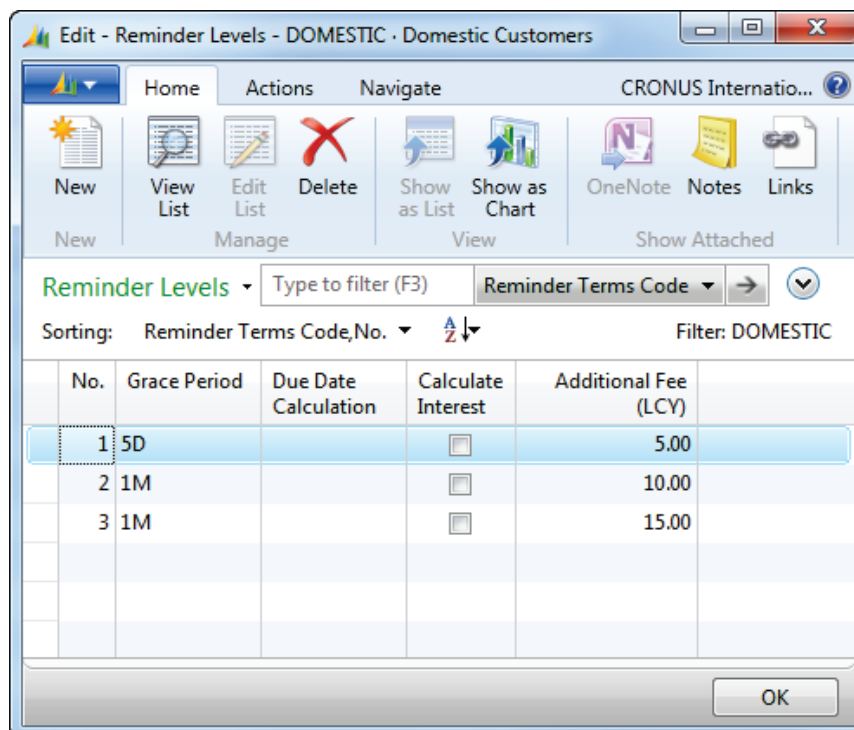
Field	Description
<b>Code</b>	Unique identifier of the reminder.
<b>Description</b>	Short description of the reminder.
<b>Max. No. of Reminders</b>	Identifies the maximum number of reminders that can be created for an invoice.
<b>Post Interest</b>	If this check box is selected, any interest listed on the reminder will be posted to the G/L and customer accounts when the reminder is issued. The interest becomes an open customer ledger entry. Then the reminder can be created, and the interest can be calculated when the entry becomes overdue.
<b>Post Additional Fee</b>	If this check box is selected, any additional fee listed on the reminder will be posted to the G/L and customer accounts when the reminder is issued. The additional fee becomes an open customer ledger entry. Then the reminder can be created when the entry becomes overdue.
<b>Minimum Amount</b>	Identifies the minimum amount that must be owed before a reminder is created.

## Reminder Levels

Reminder levels are used to define when reminders can be created and what charges and texts they must include.

To access the **Reminder Levels** page, follow these steps.

1. On the **Reminder Terms** page, select a reminder term.
2. On the **Home** tab, click **Levels**, to view the reminder levels of the selected reminder term.





**FIGURE 7.2: REMINDER LEVELS WINDOW FOR REMINDER TERM DOMESTIC**

The **Reminder Levels** page contains the fields shown in the following table.

Field	Description
<b>No.</b>	<p>Identifies the level of the selected <b>Reminder Term</b>. The next consecutive number is automatically generated when a new level is added. Level 1 is the first reminder that is sent for an overdue amount. Level 2 is the second reminder, and so on.</p> <ul style="list-style-type: none"> <li>• When reminders are created, Microsoft Dynamics NAV 2013 keeps track of how many reminders are created and uses the current level number to determine which conditions apply.</li> <li>• When a reminder is issued on the last level, the terms of this level apply to any succeeding reminders that are created.</li> </ul>

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Field	Description
<b>Grace Period</b>	<p>Specifies the time that must pass from the due date of the original overdue invoice or from the due date of the previously issued reminder before a reminder is created.</p> <ul style="list-style-type: none"> <li>The first reminder will be created, if the document date on the reminder header is after the due date of the open customer ledger entry. This represents the outstanding overdue invoice, plus the grace period for the first level.</li> <li>Any succeeding reminders are created if the document date is after the due date of the last issued reminder plus the grace period.</li> </ul>
<b>Due Date Calculation</b>	<p>Indicates the date formula used to determine how the due date is calculated on the reminder. The due date is calculated from the document date.</p>
<b>Calculate Interest</b>	<p>If this check box is selected, interest is calculated on the reminder lines and is displayed on the reminder. Interest is calculated based on the Finance Charge Terms Code selected on the customer card.</p> <hr/> <p> <b>Note:</b> For more information, refer to the "Calculate Interest on Reminders lesson."</p>
<b>Additional Fee (LCY)</b>	<p>Identifies the amount of the additional fee in the LCY that will be displayed on the reminder.</p> <hr/> <p> <b>Note:</b> Additional fees can also be entered in other currencies. This will be explained in the "Reminders and Currency topic."</p>

The following table shows how grace periods and due date calculations are used on an invoice due January 29 (01/29).

Rem. Level	Invoice Due Date / Prior Reminder Due Date	Grace Period in Rem. Terms	First Possible Document Date of Reminder	Due Date Calc. in Rem. Terms	Reminder Due Date
1	01/29	3D	02/02	5D	02/07
2	02/07	5D	02/13	1W	02/20
3	02/20	5D	02/26	2D	02/28

The first reminder can be created on February, 2, because the invoice is due on January, 29. Adding three days brings the date to February, 1. This is still part of the grace period that must be completely passed before the reminder can be created.



**Note:** February 2 is the first date the reminder can be created. The user will determine when he or she creates the reminder. When the user creates the reminder on February 5, this date will be the document date of the reminder and the reminder due date will be February 10, and so on.

The "Create and Issue Reminders" lesson will discuss how the user deals with the reminder process.

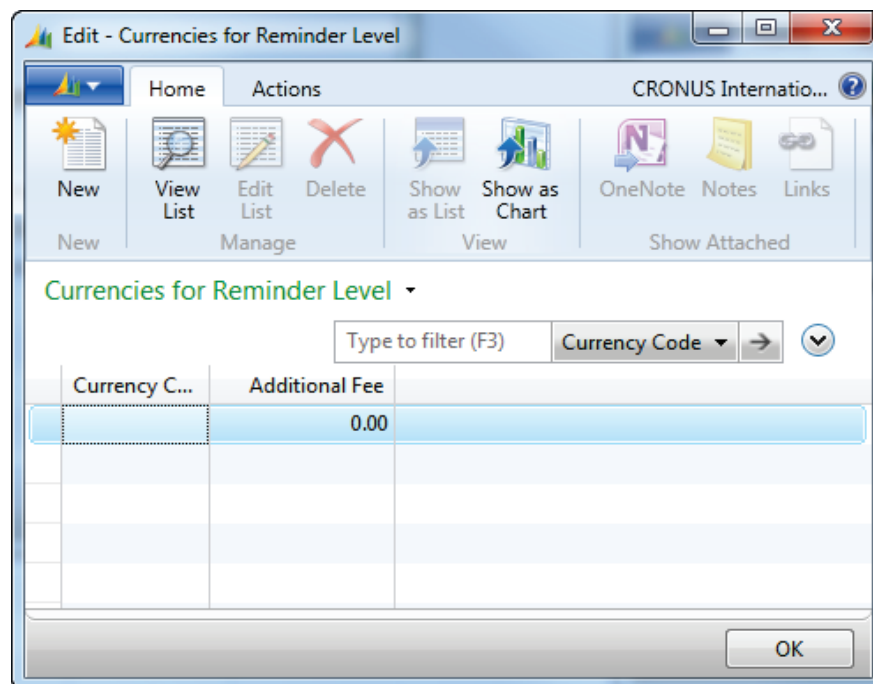
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### Reminders and Currency

Additional fees can also be created for each reminder level in foreign currencies.

To access the **Currencies for Reminder Level** page, follow these steps.

1. On the **Reminder Levels** page, select a reminder level.
2. On the **Navigate** tab, click **Currencies**.



**FIGURE 7.3: CURRENCIES FOR REMINDER LEVEL WINDOW FOR REMINDER LEVEL 1 OF REMINDER CODE DOMESTIC**

3. Create a new line for each foreign currency that you want to set up additional fees for.
4. In the **Currency Code** field, enter the foreign currency.

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5. In the **Additional Fee** field, enter the amount of the additional fee in the foreign currency.
6. Click **OK** to close the **Currencies for Reminder Level** page.



**Note:** The user is responsible and should consider the exchange rate when he or she updates the **Currencies for Reminder Level** page, when the exchange rate changes significantly.

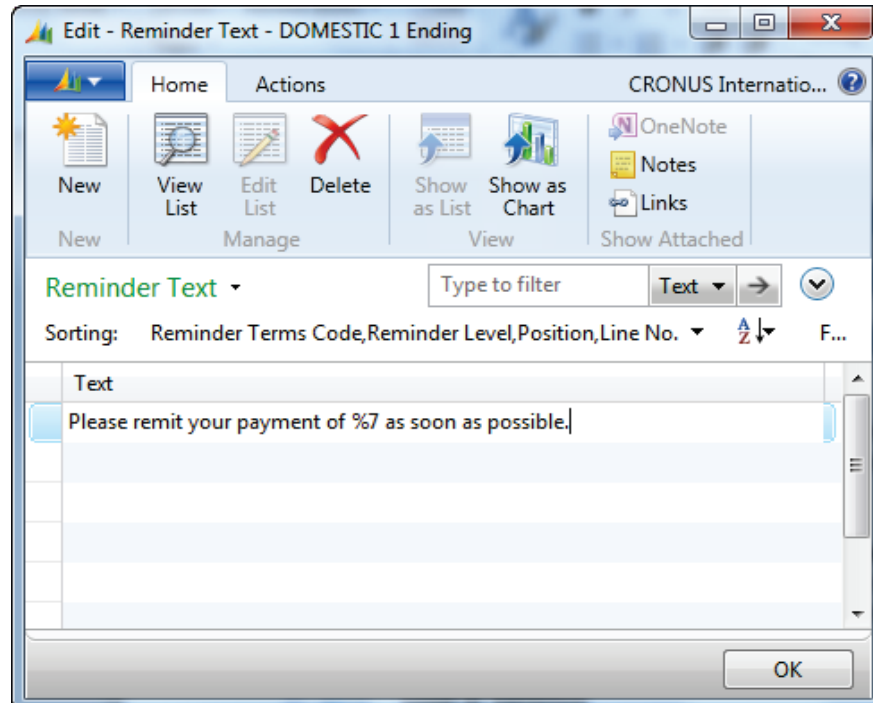
### Beginning and Ending Text

Information related to the beginning and ending text lines includes the following.

- They can be added for each reminder level of each reminder term.
- They contain instructions on the payment and the result of non-payment.
- They include several predefined text variables.

To access the **Reminder Text – Beginning** and **Reminder Text – Ending** page, follow these steps.

1. On the **Reminder Levels** page, select a reminder level.
2. On the **Navigate** tab, click **Beginning Text** or **Ending Text**.



**FIGURE 7.4: REMINDER TEXT – ENDING FOR REMINDER LEVEL 1 OF REMINDER CODE DOMESTIC**

3. Add as many text lines as you must. You can also use predefined text variables that the program will replace with the appropriate information before the reminder is printed.
4. Click **OK** to close the **Reminder Text – Beginning** or **Reminder Text – Ending** page.
5. Click **OK** to close the **Reminder Levels** page.

You can use the following text variables on both pages.

Text Variable	Information
%1	Document date (from the reminder header)
%2	Due date (from the reminder header)
%3	Interest rate (from finance charge term)
%4	Remaining amount (from the reminder header)
%5	Interest amount (from the reminder header)
%6	Additional fee (from the reminder header)
%7	Total (remaining amount + interest amount + additional fee + value-added tax (VAT))
%8	Reminder level (from the reminder header)
%9	Currency code (from the reminder header)
%10	Posting date (from the reminder header)

### **Assign Reminder Terms**

To assign the **Reminder Term Code** to a customer card, follow these steps.

1. On the **Navigation Pane**, click **Home**.
2. Click **Customers**.
3. Select a customer and then click **Edit** to open the **Customer Card** page.
4. Expand the **Payments** FastTab.
5. In the **Reminder Terms Code** field, enter the reminder term.
6. Click **OK** to close the **Customer Card** page.

### **Demonstration: Set Up and Assign a Reminder Term**

**Scenario:** Arnie is informed that a new reminder term must be set up for customers who consistently pay after the due date. The name of this reminder term is Late, with a description of Consistently Late Payers.



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This reminder term contains three levels. These levels include the criteria in the following table. The amounts are in local currency (LCY).

Level	Grace Period	Due Date	Additional Fee	Beginning Text	Ending Text
1	3 days	5 days	10.00	Please remit payment immediately.	
2	5 days	1 week	15.00		Payment is due (due date from the header). Remit payment immediately.
3	5 days	2 days	20.00		This is the (reminder level from the header) reminder you have already sent. Your account is delinquent and is sent to a collection agency.

Additional fees are not posted to customer or G/L accounts and interest must be calculated for all levels but is also not posted.

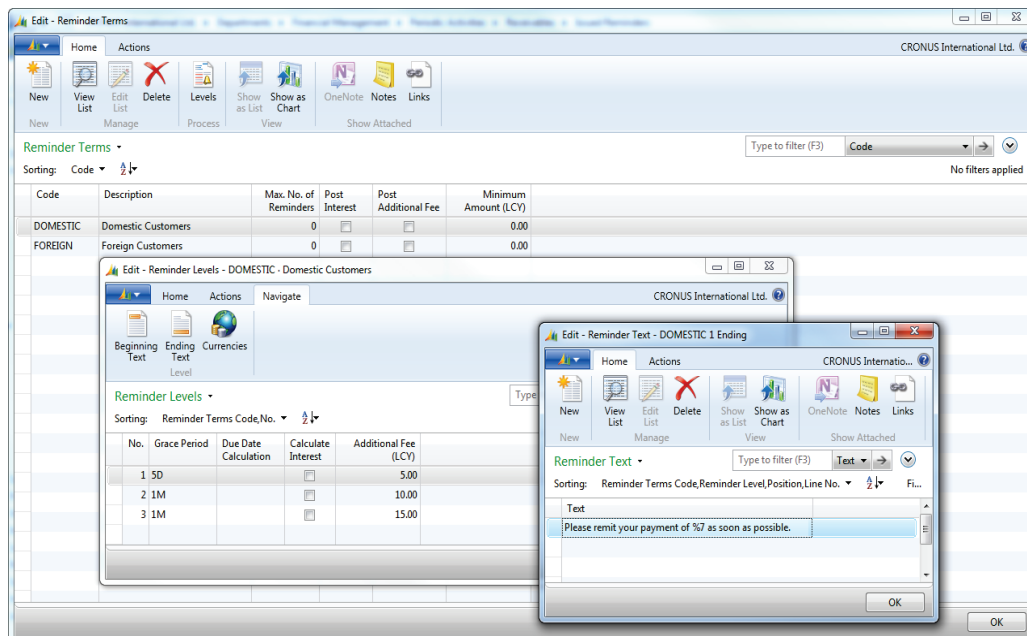
When Arnie is finished, he assigns this Reminder Terms Code to customer 20000, Selangorian, Ltd.

To set up the reminder term and corresponding reminder levels, follow these steps.

1. On the **Navigation Pane**, click **Departments**.
2. Click **Administration**, and then click **Application Setup**.
3. On the **Application Setup** page, click **Financial Management > Finance > Reminder Terms**.
4. Click **New** to insert a line.
5. In the **Code** field, enter LATE.
6. In the **Description** field, enter Consistently Late Payers.
7. On the **Actions** Tab, click **Levels**.
8. For level 1, in the **Grace Period** field, enter 3D.

9. In the **Due Date** field, enter 5D.
10. Select the **Calculate Interest** check box.
11. In the **Additional Fee** field, enter 10.
12. On the **Navigate** tab, click **Beginning Text**.
13. In the first line, enter Please remit payment immediately.
14. Click **OK** to close the **Reminder Text – Beginning** page.
15. Click the next line.
16. For level 2, in the **Grace Period** field, enter 5D.
17. In the **Due Date** field, enter 1W.
18. Select the **Calculate Interest** check box.
19. In the **Additional Fee** field, enter 15.
20. On the **Navigate** tab, click **Ending Text**.
21. In the first line, enter "Payment was due %2. Remit payment immediately."
22. Click **OK** to close the **Reminder Text – Ending** page.
23. Click the next line.
24. For level 3, in the **Grace Period** field, enter 5D.
25. In the **Due Date** field, enter 2D.
26. Select the **Calculate Interest** check box.
27. In the **Additional Fee** field, enter 20.
28. On the **Navigate** tab, click **Ending Text**.
29. In the first line, enter "This is the %8 reminder we have sent."
30. In the second line, enter "Your account is delinquent and is sent to a collection agency."
31. Click **OK** to close the **Reminder Text – Ending** page.
32. Click **OK** to close the **Reminder Levels** page.
33. Click **OK** to close the **Reminder Terms** page.

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**FIGURE 7.5: SET UP REMINDER TERM LATE WITH 3 REMINDER LEVELS AND REMINDER TEXT**

To assign the reminder term to customer 20000, follow these steps.

1. On the **Navigation Pane**, click **Home**.
2. Click **Customers**.
3. Select customer 20000.
4. Click **Edit**.
5. Expand the **Payments** FastTab.
6. In the **Reminder Terms Code** field, enter LATE.
7. Click **OK** to close the **Customer Card** page.

## Lab 7.1: Set Up and Assign a Reminder Term

### Scenario

CRONUS International Ltd. has three troublesome customers who are consistently late on paying invoices. As the accounts receivable administrator, you are asked to set up a new reminder term named TOP3, with a description of Top 3 Late Payers.

You also have to send a reminder every 14 days, with no more than four reminders before the account is sent to collections. This reminder only includes one level with an ending text that informs the customer of the current reminder number and that after the fourth notice, the account will be sent to collections.

When the Reminder Term is set up, assign it to the following customers: 10000, 40000, and 50000.



**Note:** Use the appropriate text variable to designate the reminder number in the ending text.

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### Exercise 1: Set Up and Assign a Reminder Term

#### Task 1: Set Up and Assign a Reminder Term

##### High Level Steps

1. Set up the reminder term and corresponding reminder level as described in the scenario.
2. Assign the new reminder terms to the customers as described in the scenario.

##### Detailed Steps

1. Set up the reminder term and corresponding reminder level as described in the scenario.
  - a. On the **Navigation Pane**, click **Departments**.
  - b. Click **Administration**, and then click **Application Setup**.
  - c. On the **Application Setup** page, click **Financial Management > Finance > Reminder Terms**.
  - d. Click **New** to insert a line.
  - e. In the **Code** field, enter TOP3.
  - f. In the **Description** field, enter Top 3 Late Payers."
  - g. In the **Max. No. of Reminders** field, enter 4.
  - h. On the **Actions** Tab, click **Levels**.
  - i. For level 1, in the **Grace Period** field, enter 14D.
  - j. On the **Navigate** tab, click **Ending Text**.

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- k. In the first line, enter "This is reminder number %8."
  - l. In the second line, enter "After the fourth reminder, your account will be sent to collections."
  - m. Click **OK** to close the **Reminder Text – Ending** page.
  - n. Click **OK** to close the **Reminder Levels** page.
  - o. Click **OK** to close the **Reminder Terms** page.
2. Assign the new reminder terms to the customers as described in the scenario.
  - a. On the **Navigation Pane**, click Home.
  - b. Click **Customers**.
  - c. Select customer 10000.
  - d. Click **Edit**.
  - e. Expand the **Payments** FastTab.
  - f. In the **Reminder Terms Code** field, enter "TOP3."
  - g. Repeat steps 2 through 6 for customer 40000 and 50000.
  - h. Click **OK** to close the **Customer Card** page.

### Set Up and Assign Number Series for Reminders and Issued Reminders

Companies must set up a number series for reminder documents, as follows.

- Reminders
- Issued Reminders



**Note:** How to set up the number series is covered in the course Application Setup in Microsoft Dynamics NAV 2013.

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To assign the reminder number series, follow these steps.

1. On the **Navigation Pane**, click **Departments**.
2. Click **Administration**, and then click **Application Setup**.
3. On the **Application Setup** page, click **Financial Management > Finance > Sales & Receivables Setup**.
4. Expand the **Numbering** FastTab.
5. In the **Reminder Nos.** field, enter the number series to use to assign numbers to reminders when they are created.
6. In the **Issued Reminder Nos.** field, enter the number series to use to assign numbers to reminders when they are issued.

The screenshot shows the 'Edit - Sales & Receivables Setup' window for 'CRONUS International Ltd.'. The 'Numbering' FastTab is active, displaying a list of document types and their corresponding numbering series. The list is organized into two columns. The first column includes Customer Nos., Quote Nos., Blanket Order Nos., Order Nos., Return Order Nos., Invoice Nos., Posted Invoice Nos., Credit Memo Nos., and Posted Credit Memo Nos. The second column includes Posted Shipment Nos., Posted Return Receipt Nos., Reminder Nos., Issued Reminder Nos., Fin. Chrg. Memo Nos., Issued Fin. Chrg. M. Nos., Posted Prepm. Inv. Nos., and Posted Prepm. Cr. Memo Nos. Each item has a dropdown menu next to it, showing the current numbering series. At the bottom of the window, there is an 'OK' button.

Document Type	Numbering Series
Customer Nos.:	CUST
Quote Nos.:	S-QUO
Blanket Order Nos.:	S-BLK
Order Nos.:	S-ORD-1
Return Order Nos.:	S-RETORD
Invoice Nos.:	S-INV
Posted Invoice Nos.:	S-INV+
Credit Memo Nos.:	S-CR
Posted Credit Memo Nos.:	S-CR+
Posted Shipment Nos.:	S-SHPT
Posted Return Receipt Nos.:	S-RCPT
Reminder Nos.:	S-REM
Issued Reminder Nos.:	S-REM+
Fin. Chrg. Memo Nos.:	S-FIN
Issued Fin. Chrg. M. Nos.:	S-FIN+
Posted Prepm. Inv. Nos.:	S-INV+
Posted Prepm. Cr. Memo Nos.:	S-CR+

**FIGURE 7.6: SALES & RECEIVABLES SETUP WINDOW– NUMBERING FASTTAB**

7. Click **OK** to close the **Sales & Receivables Setup** page.

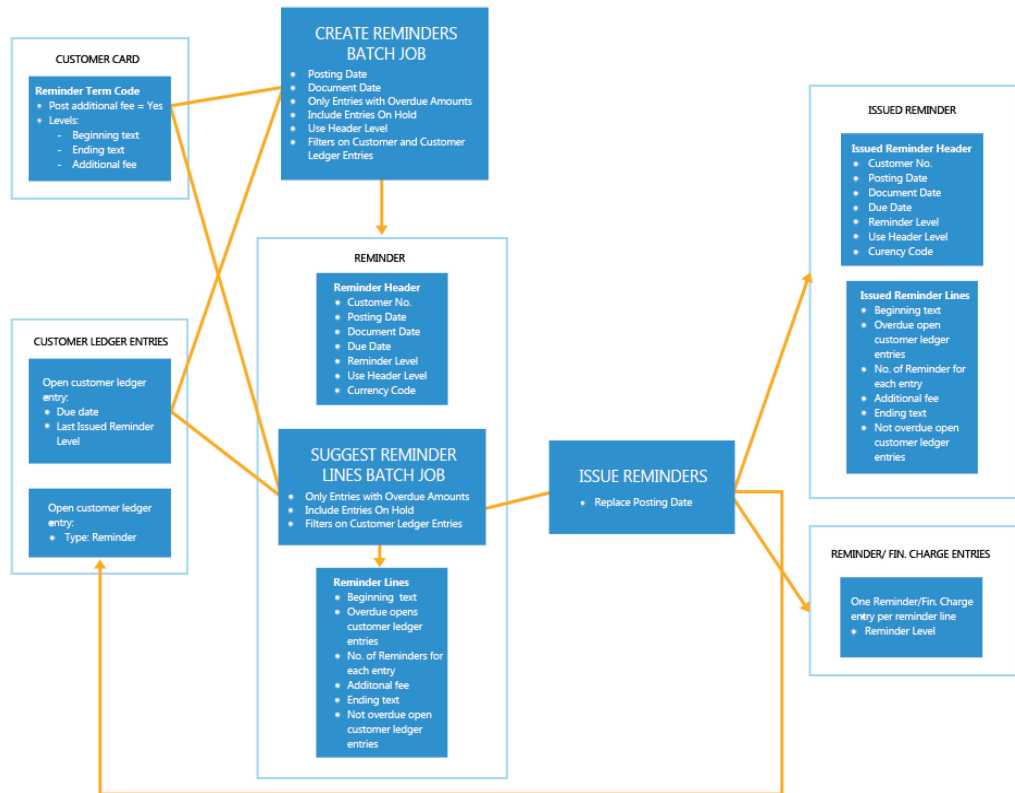
## Create and Issue Reminders

In Microsoft Dynamics NAV 2013, a reminder resembles an invoice. To create a reminder, a reminder header and one or more reminder lines must be filled in.

You can create reminders by using either of the following methods.

- Automatically create reminders by using the **Create Reminders** batch job. Typically this method is used when generating reminders for all customers.
- Manually fill in a header and use the **Suggest Reminder Lines** batch job to fill in the lines. Typically this method is used when only one reminder is needed for a single customer.

### **Reminder Process without Interest Calculation**



**FIGURE 7.7: REMINDERS PROCESS WITHOUT INTEREST CALCULATION**

### **Create Reminders Batch Job**

The **Create Reminders** batch job uses information from the customer card to determine the relevant terms for the reminder. There are other extensive options, such as the following.

- Applying several predefined text options
- Flexible interest rates
- Other fees when you are creating reminders for customers
- Choosing whether interest and, or fees must be posted to the relevant G/L and customer accounts

To create reminders by using the **Create Reminders** batch job, follow these steps.

1. On the **Navigation Pane**, click **Home**.
2. Click **Reminders**.
3. On the **Actions** tab, click **Create Reminders**.

**FIGURE 7.8: CREATE REMINDERS WINDOW**


## Options FastTab

The **Options** FastTab contains the fields shown in the following table.

Field	Description
<b>Posting Date</b>	Date that is listed as the posting date on the header of the reminder.
<b>Document Date</b>	Date that is listed as the document date on the header of the reminder. This date is used for any interest calculations and to determine the reminder's due date.



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Field	Description
<b>Only Entries with Overdue Amounts</b>	<p>If this field is selected, the batch job only inserts open customer ledger entries with a due date earlier than the document date.</p> <p>If this field is clear, the bottom of the reminder contains the amounts that are owed by the customer but are not yet overdue.</p>
<b>Use Header Level</b>	<p>If this field is selected, the reminder level of the reminder header is used to determine whether to calculate interest for a specific reminder line.</p> <p>If this field is clear, the reminder level on each reminder line is used to determine whether interest must be calculated.</p> <hr/> <p> <b>Note:</b> For more information, refer to the "Calculate Interest on Reminders" lesson.</p> <hr/>

### Customer FastTab and Cust. Ledger Entry FastTab

Use these filter options to filter the information that is used to create the reminders.

Without filters, the following applies.

- Reminders are only created for customers who have outstanding balances.
- Reminders are created for each currency for which the customer has overdue customer ledger entries. Reminder lines are only created for the customer ledger entries that are in the currency represented by the currency code on the reminder header.
- Reminder lines are created for all overdue open customer ledger entries, regardless of the document type of the entry. **This means reminder lines are created for invoices, and also for payments, credit memos, refunds, finance charge memos and reminders.**

### Create Reminders Manually

You can manually create reminders directly on the **Reminders** page. After you create the header, you can add invoice lines by using the **Suggest Reminder Lines** batch job.

The **Suggest Reminder Lines** batch job creates reminder lines by using options similar to those in the **Create Reminders** batch job.

- Suggest only overdue amounts
- Include entries on hold
- Filter customer ledger entries



**Note:** To calculate interest based on the reminder level in the header, select the **Use Header Level** check box in the reminder header before you run the **Suggest Reminder Lines** batch job.

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To create reminders manually, follow these steps.

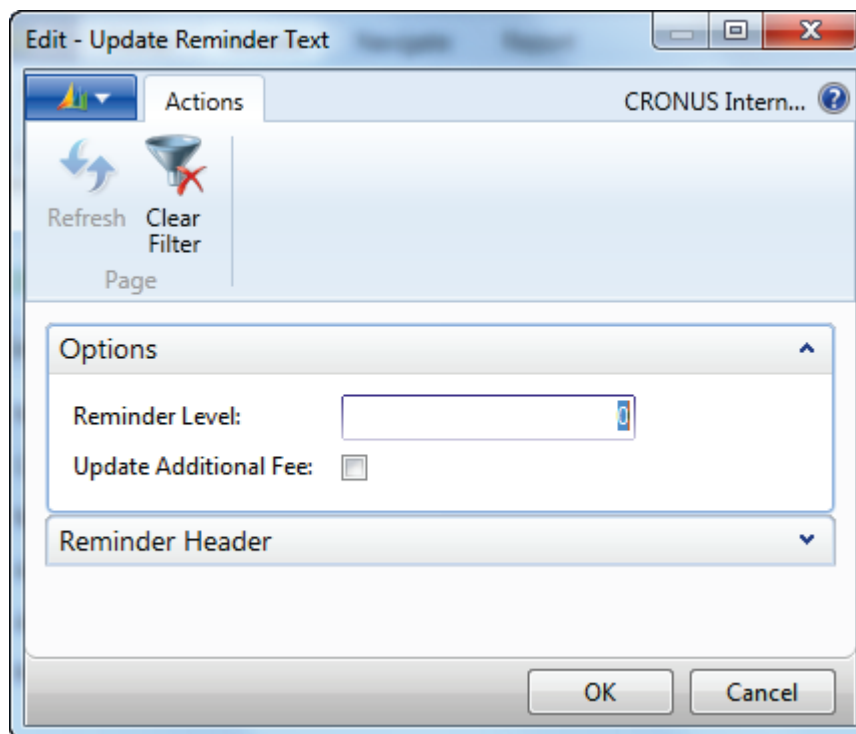
1. On the **Navigation Pane**, click **Home**.
2. Click **Reminders**.
3. Click **New**.
4. In the **Customer No.** field, enter the relevant customer.
5. In the **Posting Date** field, enter the date this reminder is to be issued.
6. In the **Document Date** field, enter the date the reminder is created. Remember that this date is used to:
  - Determine whether a reminder is created.
  - Calculate interest.
  - Calculate the due date of the reminder.
7. Select the **Use Header Level** check box to base the interest calculations on the header level, instead of the line level.
8. Click **Suggest Reminder Lines**.
9. Expand the **Options** FastTab.
10. Select the **Only Entries with Overdue Amounts** check box to include only overdue open customer ledger entries in the reminder lines.
11. Select the **Include entries On Hold** check box to include open customer ledger entries that contain a value in the **On Hold** field.
12. Click the **Cust. Ledger Entry** FastTab.
13. If you must, filter on the document types or other fields to include or exclude information from the reminder lines.
14. Click **OK** to generate the reminder lines.
15. Click **OK** to close the **Reminder** page.

### Update Reminder Text Batch Job

Change the beginning and ending text on reminders by using the **Update Reminder Text** batch job. This batch job changes the text that is associated with the current reminder level of the reminder term, to the text that is associated with a different level of the same reminder term. The user can also choose to update the associated additional fee.

To change the reminder text, follow these steps.

1. On the **Navigation Pane**, click **Home**.
2. Click **Reminders**.
3. Select a reminder with the header and lines that are created and then click **Edit**.
4. On the **Actions** tab, click **Update Reminder Text**.
5. Expand the **Options** FastTab.
6. In the **Reminder Level** field, enter the level number that contains the preferred text.
7. Select the **Update Additional Fee** check box, if you want to change the additional fee from the amount of the current reminder level to the amount of the new reminder level.



**FIGURE 7.9: UPDATE REMINDER TEXT BATCH JOB**

8. Click **OK** to run the batch job.
9. The reminder lines are now updated with the new text. The reminder level of the header is also updated.
10. Click **OK** to close the **Reminder** page.

### Issue Reminders

After the reminder header and associated reminder lines are created, the reminder must be issued. This is the process for how to post the reminders. Actual posting to the customer and G/L account will only occur when the **Post Additional Fee** and, or the **Post Interest** check boxes are selected on the reminder term of the reminder header.

Before issuing reminders, a test report can be run to review the pre-printed document.

To issue one reminder and run the test report, follow these steps.

1. On the **Navigation Pane**, click **Home**.
2. Click **Reminders**.
3. Select a reminder and then click **Edit**.
4. On the **Actions** tab, click **Test Report**.
5. Click **Preview** to view the document on the screen or click **Print** to print the document for review.
6. Close the **Print Preview** page.
7. On the **Actions** tab, click **Issue**.
8. Expand the **Options** FastTab.
9. Select the **Print** check box to print the issued reminder.



**Note:** You can always (re)print the document from the **Issued Reminder List** page.

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10. Select the **Replace Posting Date** check box to change the existing posting date on the reminder header.
11. If you want to replace the posting date, enter the new posting date in the **Posting Date** field.
12. Expand the **Reminder** FastTab.
13. The **No.** filter contains the reminder number of the selected reminder. By changing this filter that you can group reminders and issue them together.
14. Click **OK**.

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To issue multiple reminders, follow these steps.

1. On the **Navigation Pane**, click **Home**.
2. Click **Reminders**.
3. On the **Reminders** list page, select all relevant reminders.
4. On the **Actions** tab, click **Issue**.
5. Click the **Options** FastTab and complete it as is required.
6. Click **OK**.

When you issue a reminder, the following results will occur within the database.

- An **Issued Reminder** document is created and can be located on the **Navigation Pane**, by clicking **Posted Documents** and then by clicking **Issued Reminders**. The issued reminder header contains the due date, to be used when the next reminder can be created. The issued reminder lines contain the **No. of Reminders** field, to be used when only the maximum number of reminders is allowed.
- **Reminder/Fin.Charge Entries** are created for each reminder line representing an overdue open customer ledger entry.
- The **Last Issued Reminder Level** field of overdue open customer ledger entries is updated.
- New open customer ledger entries are created when the additional fee and interest are set up to be posted.
- G/L entries are created when the additional fee and interest are set up to be posted.

## Lab 7.2: Create and Issue Reminders

### Scenario

It is the beginning of March, 2014, and reminders must be created and issued for past due customer entries as of February 28, 2014, by using the conditions of the header level to all reminder lines.

Issue reminders for customers 43687129 and 47563218 only, without printing or changing the posting date.

### Exercise 1: Step by step

#### *Exercise Scenario*

1. On the **Navigation Pane**, click the **Departments** button, click **Financial Management > Periodic Activities > Receivables**, and then select **Reminders**.
2. Click **Create Reminders**.
3. Click the **Options** FastTab.
4. In the **Posting Date** field, enter 02/28/10.
5. In the **Document Date** field, enter 02/28/10.
6. Make sure that the **Only Entries with Overdue Amounts** check box contains a check mark.
7. Put a check mark in the **Use Header Level** check box.
8. Click **OK**.
9. Locate and select the reminder for customer 43687129.
10. Click **Issue**.
11. Click **OK**.
12. Locate and select the reminder for customer 47563218.
13. Click **Issue**.
14. Click **OK**.
15. Close the **Reminder** window.
16. In the Periodic Activities folder, click **Issued Reminders**.
17. Locate and review the issued reminders for customers 43687129 and 47563218.

### Exercise 2: Create and Issue Reminders

#### Task 1: Create and Issue Reminders

##### *High Level Steps*

1. Run the **Create Reminders** batch job as specified in the scenario.
2. Issue the reminders as they are specified in the scenario.

##### *Detailed Steps*

1. Run the **Create Reminders** batch job as specified in the scenario.
  - a. On the **Navigation Pane**, click **Home**.
  - b. Click **Reminders**.
  - c. On the **Actions** tab, click **Create Reminders**.
  - d. In the **Posting Date** field, enter 02/28/14.
  - e. In the **Document Date** field, enter 02/28/14.
  - f. Select the **Only Entries with Overdue Amounts** check box.
  - g. Select the **Use Header Level** check box.
  - h. On the **Customer** FastTab, in the **No.** filter, enter 43687129|47563218.
  - i. Click **OK**.
2. Issue the reminders as they are specified in the scenario.
  - a. On the **Navigation Pane**, click **Home**.
  - b. Click **Reminders**.
  - c. Select the two newly created reminders.
  - d. On the **Actions** tab, click **Issue**.
  - e. Click **OK**.

## Set Up and Assign Finance Charge Terms

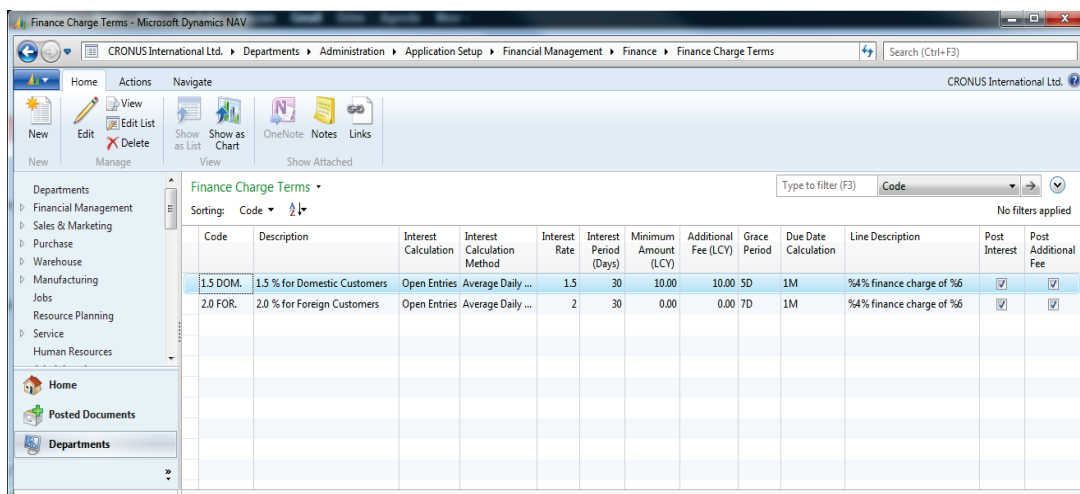
Finance charge terms specify when and how finance charge memos are created. As soon as the finance charge terms are created, the **Fin. Charge Term Code** is assigned to the relevant customers.

### Finance Charge Terms

To access the **Finance Charge Terms** page, follow these steps.

1. On the **Navigation Pane**, click **Departments**.
2. Click **Administration**, and then click **Application Setup**.
3. On the **Application Setup** page, click **Financial Management > Finance > Finance Charge Terms**.

## Finance Essentials in Microsoft Dynamics® NAV 2013



**FIGURE 7.10: FINANCE CHARGE TERMS WINDOW**

The **Finance Charge Terms** window contains the fields shown in the following table:

Field	Description
<b>Code</b>	Unique code of the finance charge term.
<b>Description</b>	Short description of the finance charge term.
<b>Interest Calculation</b>	<p>Determines which entries are used in the interest calculation on finance charge memos.</p> <p>The options are:</p> <ul style="list-style-type: none"> <li>• Open entries</li> <li>• Closed entries</li> <li>• All entries</li> </ul>
<b>Interest Calculation Method</b>	<p>Determines the interest calculation method for this set of finance charge terms.</p> <p>The options are:</p> <ul style="list-style-type: none"> <li>• <b>Balance Due Method</b> – The finance charge is a percentage of the overdue amount. Finance charge = overdue amount * (interest rate/100)</li> <li>• <b>Average Daily Balance Method</b> – This method considers how many days the payment is overdue for open entries or how many days it is overdue when closed entries are paid.</li> </ul> <p>Finance charge = overdue amount * (days overdue/interest period)*(interest rate/100)</p>



## Module 7: Receivables Management: Reminders and Finance Charge Memos

Field	Description
<b>Interest Rate</b>	Identifies the finance charge percentage charged when this finance charge type is used.
<b>Interest Period (days)</b>	Identifies the number of days related to the interest rate. For example, 12 percent for 360 days or one percent for 30 days.
<b>Minimum Amount (LCY)</b>	Specifies the minimum interest charge in the local currency (LCY).
<b>Additional Fee</b>	Identifies a charge in addition to the finance charge.
<b>Grace Period</b>	<p>Determines the number of days the customer ledger entry could go unapplied before a finance charge is assessed.</p> <ul style="list-style-type: none"> <li>The <b>first</b> finance charge memo will be created, if the <b>document date on the finance charge memo header is after the due date of the customer ledger entry, plus the grace period.</b></li> <li>Any <b>succeeding</b> finance charge memos are created if the <b>document date is after the due date of the last issued finance charge memo plus the grace period.</b></li> </ul>
<b>Due Date Calculation</b>	Indicates the date formula that is used to determine how the due date is calculated on the finance charge memo. The due date is calculated from the document date.
<b>Line Description</b>	Identifies a description to be used in the <b>Description</b> field on the finance charge memo lines. Text variables can be used in this description.
<b>Post Interest</b>	If this check box is selected, any interest listed on the finance charge memo will be posted to the G/L and customer accounts when the finance charge memo is issued. The interest becomes an open customer ledger entry, for which a finance charge memo can be created and again interest can be calculated for, when the entry becomes overdue.
<b>Post Additional Fee</b>	If this check box is selected, any additional fee listed on the finance charge memo will be posted to the G/L and customer accounts when the finance charge memo is issued. The additional fee becomes an open customer ledger entry, for which a finance charge memo can be created, when the entry becomes overdue.

The following text variables can be used:

Text Variable	Information
%1	Description on the customer ledger entry
%2	Document type on the customer ledger entry

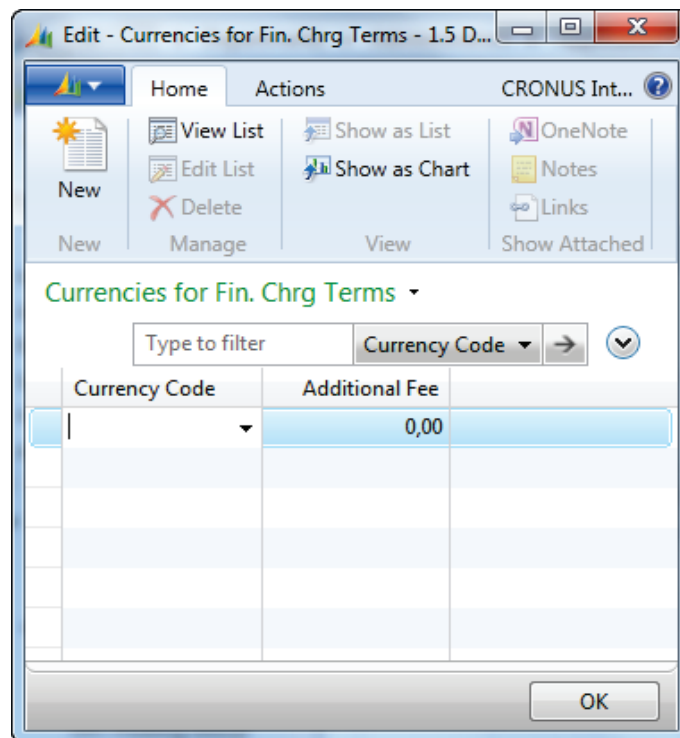
Text Variable	Information
%3	Document number on the customer ledger entry
%4	Interest rate
%5	Amount on the customer ledger entry
%6	Remaining amount on the customer ledger entry
%7	Due date on the customer ledger entry
%8	Currency code from the finance charge memo header

## Finance Charge Terms and Currency

Additional fees can also be created in foreign currencies.

To access the **Currencies for Fin. Chrg Terms** page, follow these steps.

1. On the **Finance Charge Terms** page, select a finance charge term.
2. On the **Navigate** tab, click **Currencies**.



**FIGURE 7.11: CURRENCIES FOR FIN. CHRg TERMS WINDOW FOR FINANCE CHARGE TERM 1.5 DOM.**

3. Create a new line for each foreign currency that you want to set up additional fees for.
4. In the **Currency Code** field, enter the foreign currency.

## Module 7: Receivables Management: Reminders and Finance Charge Memos

5. In the **Additional Fee** field, enter the amount of the additional fee in the foreign currency.
6. Click **OK** to close the **Currencies for Fin. Chrg Terms** page.

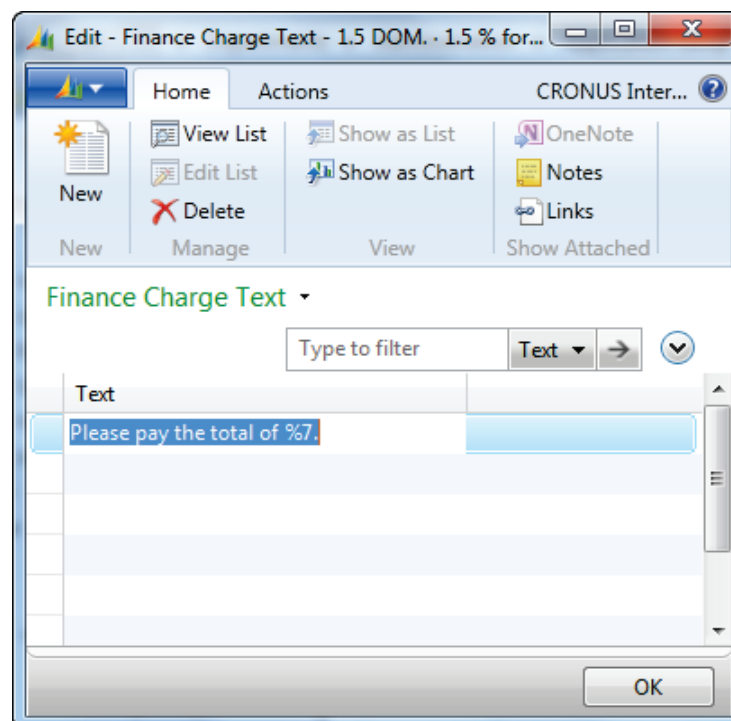
### Beginning and Ending Text

Information related to the beginning and ending text lines includes the following.

- They can be added for each finance charge term.
- They contain instructions on the payment and the result of non-payment.
- They include several predefined text variables.

To access the **Finance Charge Text** pages, follow these steps.

1. On the **Finance Charge Terms** page, select a finance charge term.
2. On the **Navigate** tab, click **Beginning Text** or **Ending Text**.



**FIGURE 7.12: FINANCE CHARGE TEXT – ENDING TEXT FOR FINANCE CHARGE TERM 1.5 DOM.**

3. Add as many text lines as you must have. You can also use predefined text variables that the program will replace with the appropriate information before the finance charge memo is printed.
4. Click **OK** to close the **Finance Charge Text** page.

You can use the following text variables on both text pages.

Text Variable	Information
%1	Document date (from the finance charge memo header)
%2	Due date (from the finance charge memo header)
%3	Interest rate (from the finance charge term)
%4	Remaining amount (from the finance charge memo header)
%5	Interest amount (from the finance charge memo header)
%6	Additional fee (from the finance charge memo header)
%7	Total (remaining amount + interest amount + additional fee + VAT)
%8	Currency code (from the finance charge memo header)
%9	Posting date (from the finance charge memo header)

### **Assign Finance Charge Terms**

To assign the **Fin. Charge Term Code** to a customer card, follow these steps.

1. On the **Navigation Pane**, click **Home**.
2. Click **Customers**.
3. Select a customer and then click **Edit** to open the **Customer Card** page.
4. Expand the **Payments** FastTab.
5. In the **Fin. Charge Term Code** field, enter the finance charge term.
6. Click **OK** to close the **Customer Card** page.

### **Demonstration: Set Up and Assign a Finance Charge Term**

**Scenario:** Two days ago, Arnie set up new reminder terms for customers who consistently pay late. He now must set up a **Finance Charge Term** for these customers that will use the following criteria.

- Interest is calculated on open customer entries by using the Average Daily Balance method.
- Interest rate is 11 percent, with an interest period of 360 days.
- Includes the following line description: (Interest rate) % finance charge of (Remaining amount on the customer ledger entry).
- Only calculated interest is posted.

## Module 7: Receivables Management: Reminders and Finance Charge Memos

- Includes the following ending text: Please pay the total of (Total (Remaining Amount + Interest Amount + Additional Fee + VAT)).

In this demonstration, the 11 LATE Finance Charge Term is set up and then assigned to customer 20000.

To set up the finance charge term, follow these steps.

1. On the **Navigation Pane**, click **Departments**.
2. Click **Administration**, and then click **Application Setup**.
3. On the **Application Setup** page, click **Financial Management > Finance > Finance Charge Terms**.
4. Click **New** to open a new **Finance Charge Term Card** page.
5. In the **Code** field, enter 11 Late.
6. In the **Description** field, enter Consistently Late Payers.
7. In the **Line Description** field, enter %4% finance charge of %6.
8. In the **Interest Rate** field, enter 11.
9. Select the **Interest Calculation** field to view all the options and then select **Open Entries**.
10. Select the **Interest Calculation Method** field to view all the options and then select **Average Daily Balance**.
11. In the **Interest Period (Days)** field, enter 360.
12. Select the **Post Interest** check box.
13. Clear the **Post Additional Fee** check box.

The screenshot shows the 'New - Finance Charge Terms Card' window for '11 LATE - Consistently Late Payers'. The window has a ribbon with 'Home' and 'Actions' tabs. The 'Home' tab is active, showing a 'Manage' group with 'View', 'Edit', 'New', and 'Delete' buttons, and an 'Actions' group with 'OneNote', 'Notes', and 'Links' buttons. The main area displays the 'General' tab of the 'Finance Charge Term Card'. The fields are as follows:

Field	Value
Code	11 LATE
Description	Consistently Late Payers
Line Description	%4% finance charge of %6
Minimum Amount (LCY)	0.00
Additional Fee (LCY)	0.00
Interest Rate	11
Interest Calculation	Open Entries
Interest Calculation Method	Average Daily Balance
Interest Period (Days)	360
Due Date Calculation	
Grace Period	
Post Interest	<input checked="" type="checkbox"/>
Post Additional Fee	<input checked="" type="checkbox"/>

An 'OK' button is located at the bottom right of the window.

**FIGURE 7.13: NEW FINANCE CHARGE TERM CARD WINDOW**

14. Click **OK** to close the new **Finance Charge Term Card** page

15. Select the new finance charge term.
16. On the **Navigate** tab, click **Ending Text**.
17. In the first line, enter "Please pay the total of %7."
18. Click **OK** to close the **Finance Charge Text** page.

To assign the finance charge term to customer 20000, follow these steps.

1. On the **Navigation Pane**, click **Home**.
2. Click **Customers**.
3. Select customer 20000 and then click **Edit** to open the **Customer Card** page.
4. Expand the **Payments** FastTab.
5. In the **Fin. Charge Term Code** field, enter 11 LATE.
6. Click **OK** to close the **Customer Card** page.

### Lab 7.3: Set Up and Assign a Finance Charge Term

#### Scenario

In Lab 7.1, you set up the TOP3 reminder term. Now, a finance charge term is being assigned to these customers.

Set up a Finance Charge Term for these customers by using the following criteria.

- Code: 10 TOP3, Description: Top 3 Late Payers.
- Interest is calculated on all customer entries by using the Average Daily Balance method.
- Use a 10 percent interest rate with an interest period of 180 days.
- Additional Fee of 20.00
- Includes the following line description: (Interest rate) % finance charge of (Remaining amount on the customer ledger entry).
- Calculated interest and Additional Fees are posted.
- Includes the following ending text: Please pay the total of (all amounts including interest and fees).

When the Finance Charge Term is set up, assign it to the following customers: 10000, 40000, and 50000.

#### Exercise 1: Set Up and Assign a Finance Charge Term

##### Task 1: Set Up and Assign a Finance Charge Term

##### *High Level Steps*

1. Set up the finance charge term according to the scenario.
2. Assign the 10 TOP3 finance charge term to the customers as described in the scenario.

##### *Detailed Steps*

1. Set up the finance charge term according to the scenario.
  - a. On the **Navigation Pane**, click **Departments**.
  - b. Click **Administration**, and then click **Application Setup**.
  - c. On the **Application Setup** page, click **Financial Management > Finance > Finance Charge Terms**.
  - d. Click **New** to open a new **Finance Charge Term Card** page.
  - e. In the **Code** field, enter 10 TOP3.
  - f. In the **Description** field, enter "TOP3 Late Payers."
  - g. In the **Line Description** field, enter %4% finance charge of %6.
  - h. In the **Additional Fee** field, enter 20.

- i. In the **Interest Rate** field, enter 10.
  - j. Select the **Interest Calculation** field to view all the options and select **All Entries**.
  - k. Select the **Interest Calculation Method** field to view all the options and select **Average Daily Balance**.
  - l. In the **Interest Period (Days)** field, enter 180.
  - m. Select the **Post Interest** check box.
  - n. Select the **Post Additional Fee** check box.
  - o. Click **OK** to close the new **Finance Charge Term Card** page.
  - p. Select the 10 TOP3 finance charge term.
  - q. On the **Navigate** tab, click **Ending Text**.
  - r. In the first line, enter "Please pay the total of %7."
  - s. Click **OK** to close the **Finance Charge Text** page.
2. Assign the 10 TOP3 finance charge term to the customers as described in the scenario.
    - a. On the **Navigation Pane**, click **Home**.
    - b. Click **Customers**.
    - c. Select customer 10000 and then click **Edit** to open the **Customer Card** page.
    - d. Expand the **Payments** FastTab.
    - e. In the **Fin. Charge Term Code** field, enter 10 TOP3.
    - f. Click **OK** to close the **Customer Card** page.
    - g. Repeat steps 3 through 6 for customers 40000 and 50000.

## Set Up and Assign Number Series for Finance Charge Terms

Companies must set up a number series for finance charge memo documents, as follows.

- Finance Charge Memos
- Issued Finance Charge Memos



**Note:** How to set up the number series is covered in the course Application Setup in Microsoft Dynamics NAV 2013.

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To assign the reminder number series, follow these steps.

1. On the **Navigation Pane**, click **Departments**.
2. Click **Administration**, and then click **Application Setup**.



## Module 7: Receivables Management: Reminders and Finance Charge Memos

3. On the **Application Setup** page, click **Financial Management > Finance > Sales & Receivables Setup**.
4. Expand the **Numbering** FastTab.
5. In the **Reminder Nos.** field, enter the number series to use to assign numbers to reminders when they are created.
6. In the **Issued Reminder Nos.** field, enter the number series to use to assign numbers to reminders when they are issued.

The screenshot shows the 'Edit - Sales & Receivables Setup' window. The 'Numbering' FastTab is expanded, displaying a grid of fields for assigning number series. The fields are organized into two columns. The first column includes Customer Nos., Quote Nos., Blanket Order Nos., Order Nos., Return Order Nos., Invoice Nos., Posted Invoice Nos., Credit Memo Nos., and Posted Credit Memo Nos. The second column includes Posted Shipment Nos., Posted Return Receipt Nos., Reminder Nos., Issued Reminder Nos., Fin. Chrg. Memo Nos., Issued Fin. Chrg. M. Nos., Posted Prepmnt. Inv. Nos., and Posted Prepmnt. Cr. Memo Nos. Each field has a dropdown menu with a default value. At the bottom, there is a 'Background Posting' dropdown and an 'OK' button.

Field	Value
Customer Nos.:	CUST
Quote Nos.:	S-QUO
Blanket Order Nos.:	S-BLK
Order Nos.:	S-ORD-1
Return Order Nos.:	S-RETORD
Invoice Nos.:	S-INV
Posted Invoice Nos.:	S-INV+
Credit Memo Nos.:	S-CR
Posted Credit Memo Nos.:	S-CR+
Posted Shipment Nos.:	S-SHPT
Posted Return Receipt Nos.:	S-RCPT
Reminder Nos.:	S-REM
Issued Reminder Nos.:	S-REM+
Fin. Chrg. Memo Nos.:	S-FIN
Issued Fin. Chrg. M. Nos.:	S-FIN+
Posted Prepmnt. Inv. Nos.:	S-INV+
Posted Prepmnt. Cr. Memo Nos.:	S-CR+

**FIGURE 7.14: SALES & RECEIVABLES SETUP WINDOW – NUMBERING FASTTAB**

7. Click **OK** to close the **Sales & Receivables Setup** page.

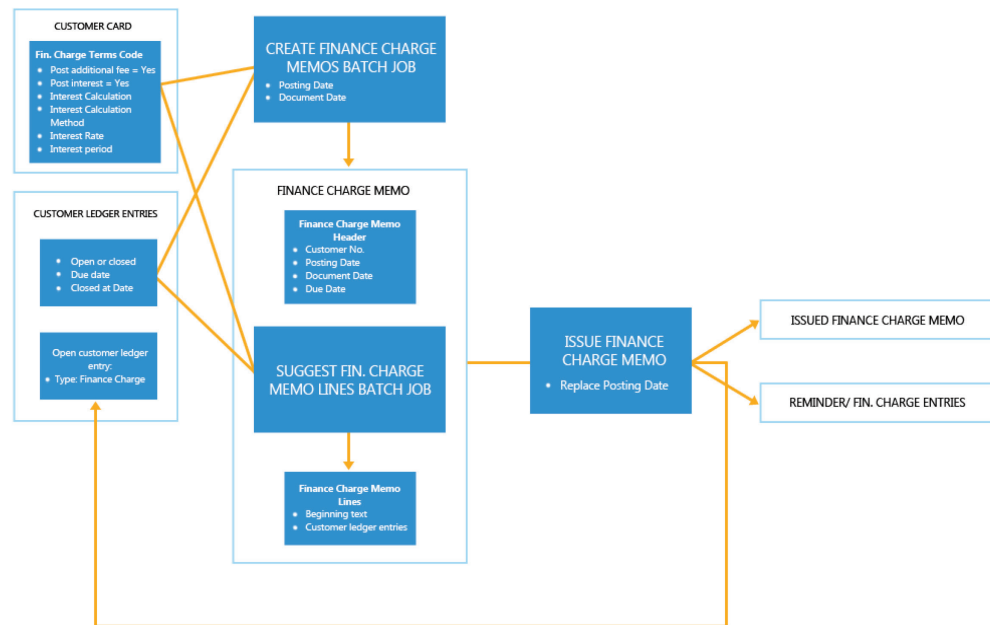
## Create and Issue Finance Charge Memos

In Microsoft Dynamics NAV 2013, a finance charge memo resembles an invoice. To create a finance charge memo, the finance charge memo header and one or more finance charge memo lines must be filled in. This process resembles the how to create reminders process.

You can create finance charge memos by using either of the following methods.

- Automatically create reminders by using the **Create Finance Charge Memos** batch job. Typically this method is used when you generate finance charge memos for all customers.
- Manually fill in a header and use the **Suggest Fin. Charge Memo Lines** batch job to fill in the lines. Typically this method is used when only one finance charge memo is needed for a single customer.

## Finance Charge Memo Process



**FIGURE 7.15: FINANCE CHARGE MEMOS PROCESS**

### Create Finance Charge Memos Batch Job


The **Create Finance Charge Memos** batch job creates finance charge memos for customers who have overdue amounts. This includes the following.

- Open entries where payment is overdue.
- Closed entries where payment is late. (The date in the **Closed at Date** field is later then the date in the **Due Date** of the closed customer ledger entry.)

Information that is related to the batch job includes the following.

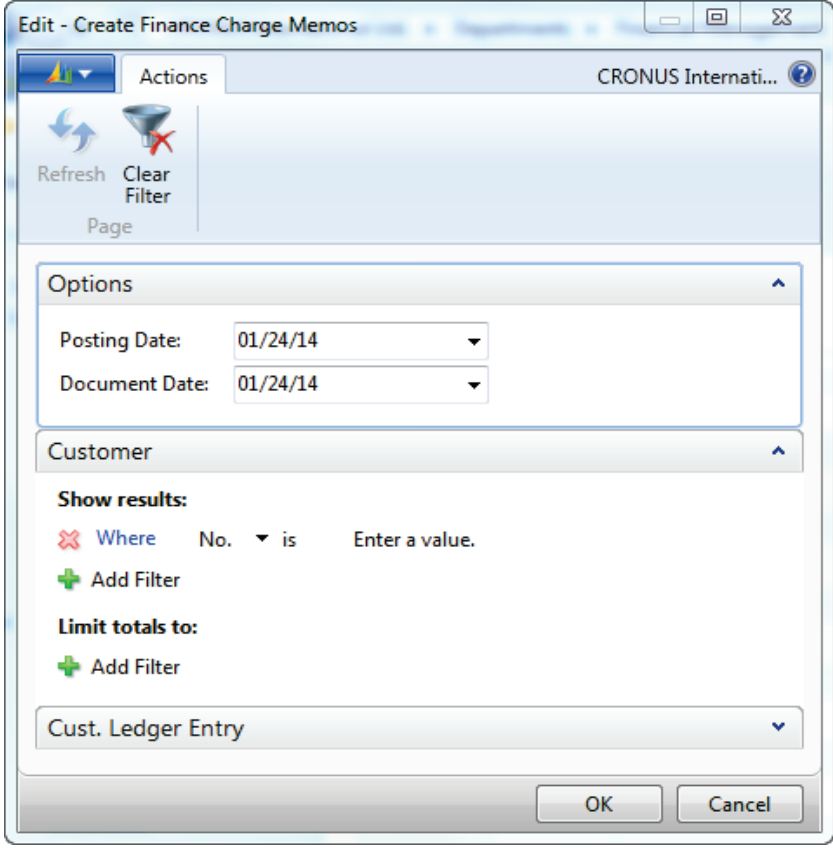
- Uses information from the customer card to determine the relevant terms for the finance charge memo.
- Calculates finance charges according to the following conditions defined on the customer's finance charge terms.
- Checks customer ledger entries to determine whether any payments are overdue (or for closed entries, if they are overdue when they are paid by the customer).
- Inserts the overdue customer ledger entries into the Finance Charge Memo lines and calculates finance charges on each line.

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 **Note:** Make sure that all open credit memos are applied to existing open invoices before you calculate finance charges. Because credit memos have negative balances, the finance charge function generates an error when you try to calculate on that open record.

To access the **Create Finance Charge Memos** batch job, follow these steps.

1. On the **Navigation Pane**, click **Home**.
2. Click **Finance Charge Memos**.
3. On the **Actions** tab, click **Create Finance Charge Memos**.



**FIGURE 7.16: CREATE FINANCE CHARGE MEMOS WINDOW**

### Options FastTab

The **Options** FastTab contains the fields shown in the following table.

Field	Description
<b>Posting Date</b>	Date that is listed as the posting date on the header of the finance charge memo.

Field	Description
<b>Document Date</b>	<ul style="list-style-type: none"><li>• Date that is listed as the document date on the header of the finance charge memo.</li><li>• This date is used:<ul style="list-style-type: none"><li>• To determine the finance charge memo's due date.</li><li>• For any interest calculations on the overdue customer ledger entry, when you use the <b>Average Daily Balance</b> method.</li></ul></li></ul>

### Customer FastTab and Cust. Ledger Entry FastTab

Use these filter options to filter the information that will create the finance charge memos.

Without filters, the following will occur.

- Finance charge memos only will be created for customers who have outstanding balances.
- Finance charge memos are created for each currency for which the customer has overdue customer ledger entries. Finance charge memo lines are only created for the customer ledger entries that are in the currency represented by the currency code on the finance charge memo header.

Finance charge memo lines are created for all overdue open and closed customer ledger entries, regardless of the document type of the entry. **This means finance charge memo lines are created for invoices, but also for payments, credit memos, refunds, finance charge memos and reminders.**



**Note:** The batch job only inserts customer ledger entries that are in the currency represented by the currency code on the finance charge memo header. The batch job creates one finance charge memo for each currency that there are entries that interest is calculated for.

### Demonstration: Create Finance Charge Memos Automatically

**Scenario:** Beginning from 2014, Arnie is required to create finance charge memos for all open customer entries. It is February 1, 2014 and he must run the reminders for open entries as of January 31, 2014.

After Arnie runs the **Create Finance Charge Memos** batch job, he reviews the memo for customer 20000.

## Module 7: Receivables Management: Reminders and Finance Charge Memos

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To create a finance charge memo that uses the Create Finance Charge Memos batch job, follow these steps.

1. On the **Navigation Pane**, click **Home**.
2. Click **Finance Charge Memos**.
3. On the **Actions** tab, click **Create Finance Charge Memos**.
4. Expand the **Options** FastTab.
5. In the **Posting Date** field, enter 01/31/14.
6. In the **Document Date** field, enter 01/31/14.
7. Click **OK**.

To review a finance charge memo, follow these steps.

1. On the **Navigation Pane**, click **Home**.
2. Click **Finance Charge Memos**.
3. Double-click the finance charge memo for customer 20000.
4. Notice that all invoices are past due as of January 31, 2010.
5. Expand the **Posting** FastTab.
6. The **Finance Charge Terms Code** contains the value 11 LATE.
7. Select the **Finance Charge Terms Code** field, the finance charge term 11 LATE is automatically selected, and then click **Advanced** to view the setup of the 11 LATE finance charge term.
8. Notice that there is:
  - 11 percent interest calculated with an interest period of 360 days.
  - No additional fee.
  - A line text referencing the interest rate and the amount due.
  - Only an ending text that is set up that references the total amount of overdue invoices, interest, and additional fees.
9. Click **OK** to close the **Finance Charge Terms** page.
10. On the **Finance Charge Memo** page, notice the following lines based on the Finance Charge Terms:
  - Line text of 11% finance charge of (overdue invoice amount\*(days overdue/interest period)).
  - No additional fee line.
  - Ending text of Please pay the total of (total amount).
11. Close the **Finance Charge Memo** page.

### Create Finance Charge Memos Manually

You can manually create finance charge memos directly on the **Finance Charge Memo** page. After you create the header, you can add invoice lines by using the **Suggest Fin. Charge Memo Lines** batch job.

The **Suggest Fin. Charge Memo Lines** batch job creates finance charge memo lines by using options similar to those in the **Create Finance Charge Memos** batch job.



**Note:** The batch job first deletes any existing lines in the finance charge memo before it inserts the new lines that are created when you run the batch job.

---

To create finance charge memos manually, follow these steps.

1. On the **Navigation Pane**, click **Home**.
2. Click **Finance Charge Memos**.
3. Click **New** to create a new finance charge memo.
4. In the **Customer No.** field, enter the relevant customer.
5. Press **Tab** or **Enter** to populate the header.
6. In the **Posting Date** field, enter the date this finance charge memo is to be issued.
7. In the **Document Date** field, enter the date the finance charge memo is created. Remember that this date is used to:
  - Calculate interest, when the **Average Daily Balance** method is used.
  - Calculate the due date of the finance charge memo.
8. On the **Actions** tab, click **Suggest Finance Charge Memos Lines**.
9. Expand the **Cust. Ledger Entry** FastTab.
10. Filter as needed on the document types to include in the memo lines.
11. Click **OK** to generate the finance charge memo lines.
12. Close the **Finance Charge Memo** page.

### Update Finance Charge Text Batch Job

Change the beginning and ending text on reminders by using the **Update Reminder Text** batch job. This batch job changes the text that is associated with the current reminder level of the reminder term, to the text that is associated with a different level of the same reminder term. The user can also choose to update the associated additional fee.

If the existing beginning or ending text is changed incorrectly on a finance charge memo, use the **Update Finance Charge Text** batch job to revert the text to the original text set up on the finance charge term.

## Module 7: Receivables Management: Reminders and Finance Charge Memos

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To change finance charge memo text, follow these steps.

1. On the **Navigation Pane**, click **Home**.
2. Click **Finance Charge Memos**.
3. Select a finance charge memo and then click **Edit**.
4. On the **Actions** tab, click **Update Finance Charge Text**.
5. Click **OK**.
6. The finance charge memo lines are updated with the new text.
7. Click **OK** to close the **Finance Charge Memo** page.



**Note:** *If text is changed on the finance charge term, it is recommended to run the **Suggest Fin. Charge Memo Lines** batch job to update the lines.*

---

### Issue Finance Charge Memos

After the finance charge memo header and associated finance charge memo lines are created, the finance charge memo must be issued. This is the process for how to post the finance charge memos. Actual posting to the customer and G/L account will only occur when the **Post Additional Fee** and, or **Post Interest** check boxes are selected on the finance charge term of the finance charge memo header.

Before issuing finance charge memos, a test report can be run to review the pre-printed document.

To issue one finance charge memo and run the test report, follow these steps.

1. On the **Navigation Pane**, click **Home**.
2. Click **Finance Charge Memos**.
3. Select a finance charge memo and then click **Edit**.
4. On the **Actions** tab, click **Test Report**.
5. Click **Preview** to view the document on the screen or click **Print** to print the document for review.
6. Close the **Print Preview** page.
7. On the **Actions** tab, click **Issue**.
8. Expand the **Options** FastTab.
9. Select the **Print** check box to print the issued reminder.



**Note:** *You can always (re)print the document from the **Issued Finance Charge Memos List** page.*

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10. Select the **Replace Posting Date** check box to change the existing posting date on the finance charge memo header.

11. If you want to replace the posting date, enter the new posting date in the **Posting Date** field.
12. Expand the **Finance Charge Memo** FastTab.
13. The **No.** filter contains the finance charge memo number of the selected reminder. By changing this filter, you can group finance charge memos and issue them together.
14. Click **OK**.

To issue multiple finance charge memos from the **Finance Charge Memo List** page, follow these steps.

1. On the **Navigation Pane**, click **Home**.
2. Click **Finance Charge Memos**.
3. On the **Finance Charge Memos List** page, select all relevant finance charge memos.
4. On the **Actions** tab, click **Issue**.
5. Click the **Options** FastTab and complete as needed.
6. Click **OK**.

When you issue a finance charge memo, the following results will occur within the database.

- An **Issued Finance Charge Memo** document is created and it can be located on the **navigation** pane, by clicking **Posted Documents** and then by clicking **Issued Finance Charge Memos**. The issued finance charge memo header contains the due date that must be used when the next finance charge memo can be created.
- **Reminder/Fin.Charge Entries** are created for each reminder line that represents an overdue customer ledger entry.
- New open customer ledger entries are created when the additional fee and interest are set up to be posted.
- G/L entries are created when the additional fee and interest are set up to be posted.

### Interest Calculation Rules in Finance Charge Memos

The entries suggested in finance charge memos, and the amount of interest calculated in finance charge memos, depends on the selections made in the **Interest Calculation** and **Interest Calculation Method** fields in the **Finance Charge Terms** window.



## Module 7: Receivables Management: Reminders and Finance Charge Memos

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The interest calculation rules for finance charge terms are summarized in the following table.

Interest Calculation	Interest Calculation Method	Customer Ledger Entries Suggested in Finance Charge Memo	Base Used to Calculate Interest
Balance Due	Open Entries	Open entries at <b>Document Date</b> of Finance Charge Memo.	<b>Remaining Amount</b> of each finance charge memo line.
Balance Due	Closed Entries	No Finance Charge Memo created.	No Finance Charge Memo created.
Balance Due	All Entries	Open entries at <b>Document Date</b> of Finance Charge Memo.	<b>Remaining Amount</b> of each finance charge memo line.
Average Daily Balance	Open Entries	Open entries at <b>Document Date</b> of Finance Charge Memo.	<b>Remaining Amount</b> of each finance charge memo line.
Average Daily Balance	Closed Entries	Closed entries at <b>Document Date</b> of Finance Charge Memo Open at their <b>Due Date</b> .	<b>Remaining Amount</b> at the <b>Due Date</b> of each closed entry suggested.
Average Daily Balance	All Entries	The combined entries for the Open and Closed Entries options.	Same base as the Open and Closed Entries options.

## Lab 7.4: Create and Issue Finance Charge Memos

### Scenario

It is the beginning of March 2014 and finance charge memos must be created and issued for past due customer entries as of February 28, 2014.

Issue a finance charge memo for customer 42147258 only, without printing or changing the posting date.

### Exercise 1: Create and Issue Finance Charge Memos

#### Task 1: Create and Issue Finance Charge Memos

##### *High Level Steps*

1. Run the **Create Finance Charge Memos** batch job as specified in the scenario.
2. Issue the finance charge memo as is specified in the scenario.

##### *Detailed Steps*

1. Run the **Create Finance Charge Memos** batch job as specified in the scenario.
  - a. On the **Navigation Pane**, click **Home**.
  - b. Click **Finance Charge Memos**.
  - c. On the **Actions** tab, click **Create Finance Charge Memos**.
  - d. Expand the **Options** FastTab.
  - e. In the **Posting Date** field, enter 02/28/14.
  - f. In the **Document Date** field, enter 02/28/14.
  - g. Click **OK**.
2. Issue the finance charge memo as is specified in the scenario.
  - a. On the **Navigation Pane**, click **Home**.
  - b. Click **Finance Charge Memos**.
  - c. Select the finance charge memo for customer 42147258 and then click **Edit**.
  - d. On the **Actions** tab, click **Issue**.
  - e. Click **OK**.

### Calculate Interest on Reminders

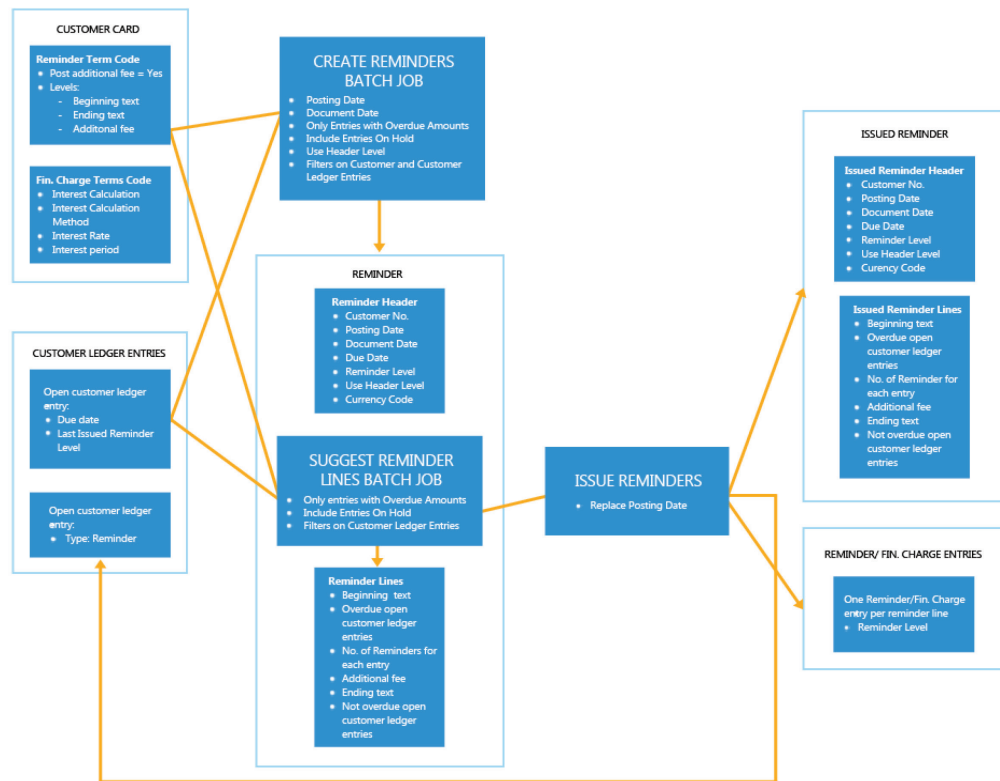
Besides calculating interests in finance charge memos, you can also calculate interests on reminders. This means that you can combine the function of reminding customers to overdue invoices, using different levels, with calculating and charging interests in one document.

#### Set Up Overview

When you combine the interest charges with the reminders, make sure that you complete the following setup.

- **Reminder Terms:**
  - Select or clear the **Post Interest** field - If this check box is selected, any interest listed on the reminder will be posted to the G/L and customer accounts when the reminder is issued.
  - Select or clear the **Calculate Interest** field on the **Reminder Levels** - If this check box is selected, interest is calculated on the reminder lines and displayed on the reminder. Interest is calculated based on the Finance Charge Terms Code selected on the customer card.
  - Assign the **Reminder Term Code** to the customer card.
- **Finance Charge Terms:**
  - Make sure that you assign the **Fin. Charge Term Code** to the customer card. Otherwise, **interest cannot be charged on the reminder**, even when the reminder term and levels are set up for interest calculation.

## **Reminder Process with Interest Calculation**



**FIGURE 7.17: REMINDERS PROCESS WITH INTEREST CALCULATION**

### **Create and Issue Reminders with Interest Calculation**

The steps that you must perform when you create and issue reminders with interest calculation are identical to the steps that you must perform to create and issue reminders without interest calculation.

The **Use Header Level** check box on the reminder header or on the **Create Reminders** batch job, only has an effect when the reminder includes interest calculation, because it will determine whether to calculate interest on the reminder lines.

The reminder terms setup resembles the finance charge terms setup. The setup on the reminder terms takes precedence for the following fields.

- Post Interest
- Post Additional Fee
- Grace Period
- Due Date Calculation
- Additional Fee Amount

## Module 7: Receivables Management: Reminders and Finance Charge Memos

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When you combine interest charges on reminders, only the interest-related fields on the finance charge term are used to calculate the interest amount on the reminder lines.

### Use a Header Level Option Example

A customer has two overdue amounts.

- The first amount already appeared in a reminder and is now at Level 2 when the next reminder is created.
- The second amount has not appeared in a reminder before and is therefore at Level 1 when the next reminder is created.

In this situation, the reminder header has a reminder Level of 2, because it uses the highest level from the lines.

If reminder terms are set up with Level 2 having interest calculated while Level 1 does not and the **Use Header Level** check box is selected, the following will occur when the batch job is run.

- The reminder level on the header is Level 2.
- The number of reminders for the first overdue amount is one and the reminder level is 1.
- The number of reminders for the second overdue amount is two and on the reminder level is 2.
- Interest is calculated for both lines in the reminder.

### Interest Calculation Rules in Reminders

Unlike finance charge memos, customer ledger entries suggested in reminders are only open entries at the **Document Date** of the reminder.

If the reminder is assigned a finance charge term with an **Interest Calculation Method** of **Balance Due**, then:

- The **Interest Calculation** field has no effect.
- The amount of interest calculated for each reminder line suggested is based on the **Remaining Amount** of the reminder line.

If the reminder is assigned a finance charge term with an **Interest Calculation Method** of **Average Daily Balance**, the **Interest Calculation** field has the following effect.

- If Open Entries or All Entries is selected in the **Interest Calculation** field, then the amount of interest calculated for each reminder line suggested is based on the **Remaining Amount** of the reminder line.

- If Closed Entries is selected in the **Interest Calculation** field, then the amount of interest calculated for each reminder line suggested is based on the **Remaining Amount** of the related customer ledger entry on its **Due Date**. Interest can be calculated on the full invoice amount of the partially applied entries if they are overdue at the time that the partial payment is applied.

# Module Review

### ***Module Review and Takeaways***

Using Receivables Management in Microsoft Dynamics NAV 2013 helps you manage your collections processes. Reminders and finance charge memos can easily be created and combined.

### **Test Your Knowledge**

Test your knowledge with the following questions.

1. Which of the following statements on reminders is true?
  - ( ) A reminder term in Microsoft Dynamics NAV always has three levels.
  - ( ) You can only create each reminder level once.
  - ( ) You can charge interest to a customer by using reminders.
  - ( ) Additional fees are always posted to the general ledger.
2. What is the result of the **Update Reminder Text** function?
  - ( ) The beginning and ending text on the reminder is changed. If you use text variables, they are recalculated.
  - ( ) The beginning and ending text on the reminder is changed.
  - ( ) If you use text variables, they are recalculated.
3. On which on the following entries can you calculate interest?
  - ( ) Open entries, applied entries, all entries
  - ( ) Open entries, applied entries, closed entries.
  - ( ) Open entries, closed entries, all entries.
  - ( ) Applied entries, closed entries, all entries.

4. You can charge interest to customers either by using finance charge memos or reminders. What are the advantages and disadvantages of both systems?

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## Test Your Knowledge Solutions

### Module Review and Takeaways

1. Which of the following statements on reminders is true?
  - ☒ (√) A reminder term in Microsoft Dynamics NAV always has three levels.
  - ☐ ( ) You can only create each reminder level once.
  - ☐ ( ) You can charge interest to a customer by using reminders.
  - ☐ ( ) Additional fees are always posted to the general ledger.
2. What is the result of the **Update Reminder Text** function?
  - ☒ (√) The beginning and ending text on the reminder is changed. If you use text variables, they are recalculated.
  - ☐ ( ) The beginning and ending text on the reminder is changed.
  - ☐ ( ) If you use text variables, they are recalculated.
3. On which on the following entries can you calculate interest?
  - ☒ (√) Open entries, applied entries, all entries
  - ☐ ( ) Open entries, applied entries, closed entries.
  - ☐ ( ) Open entries, closed entries, all entries.
  - ☐ ( ) Applied entries, closed entries, all entries.
4. You can charge interest to customers either by using finance charge memos or reminders. What are the advantages and disadvantages of both systems?

#### MODEL ANSWER:

<Add Answer here>

