



# Sales branch work instructions

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# 1. Rebates and Auto Charges

## 1.1. Basic Concepts

The auto charge system will create automatic transactions based on sales criteria, moving a percentage, fixed value, or per unit value from one Main Account code to another, or from the customer balance/invoice to a main account. This can be used for the following purposes:

Customer Rebate accruals and payments  
Product royalty accruals  
Customer Discounts  
Regular charges

These transactions will be booked when invoicing sales orders. Rebate and Royalty accruals will be done automatically at time of sale. There will no longer be a need to calculate and manually journal at month end

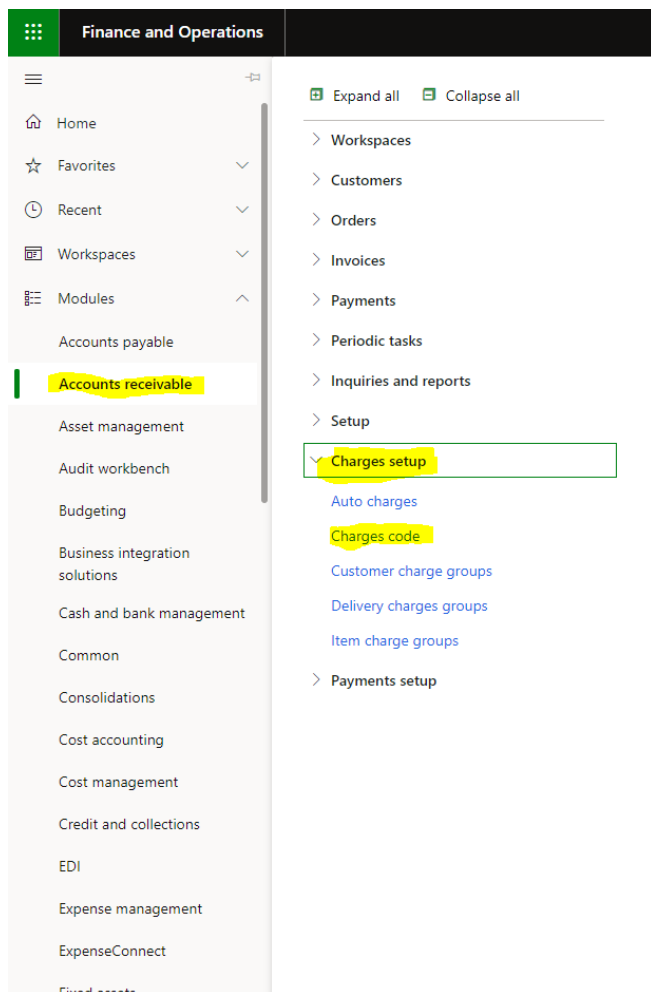
The setup will be different for each branch, but all branches will work with the same framework.

2 Financial Items are required in Released Items:

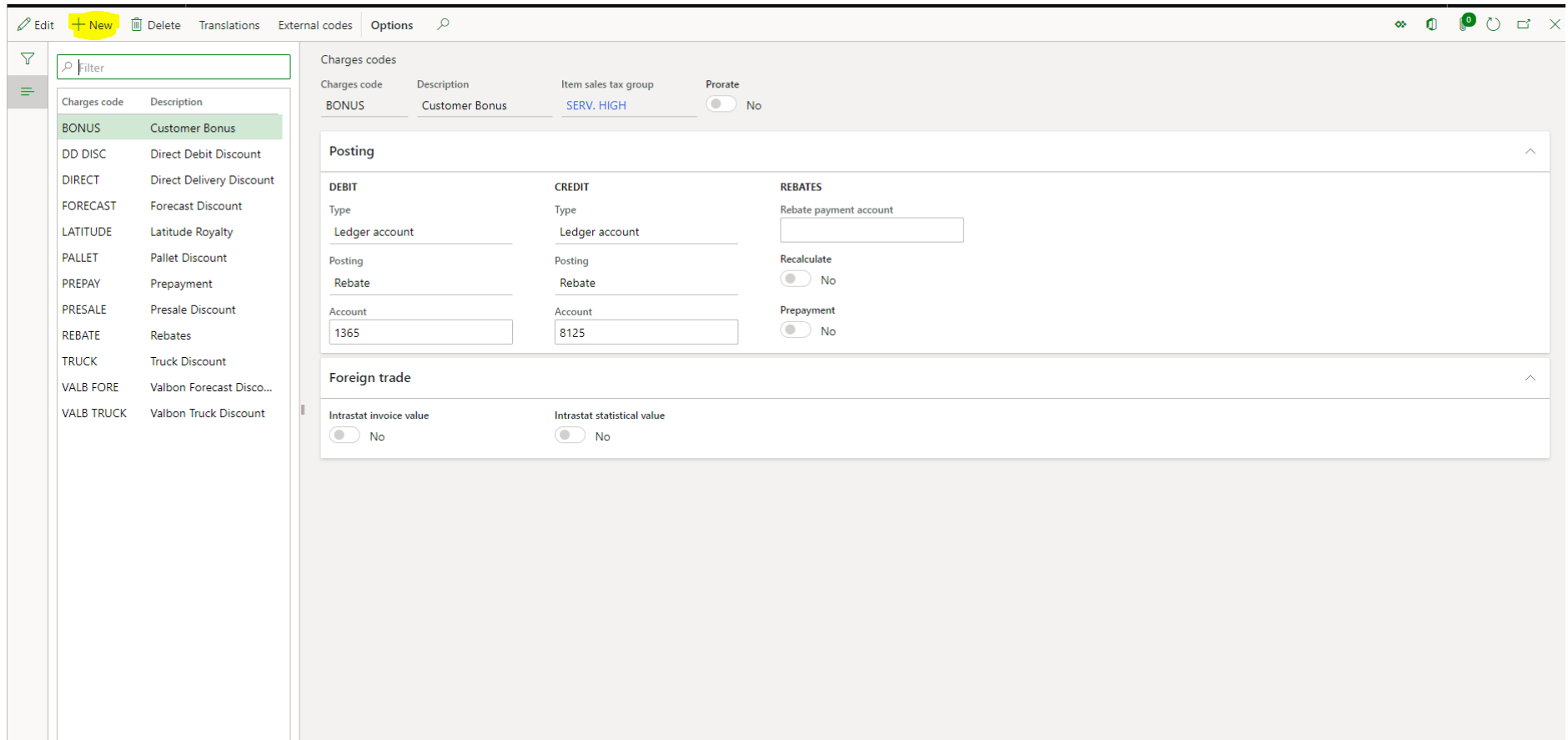
Rebate Prepayment Item  
Rebate Revaluation Item

## 1.2. Charge Codes

These define which GL/Main Account codes are used for charges that meet the criteria.  
Accounts Receivable -> Charges Setup -> Charges Code



## Work Instructions

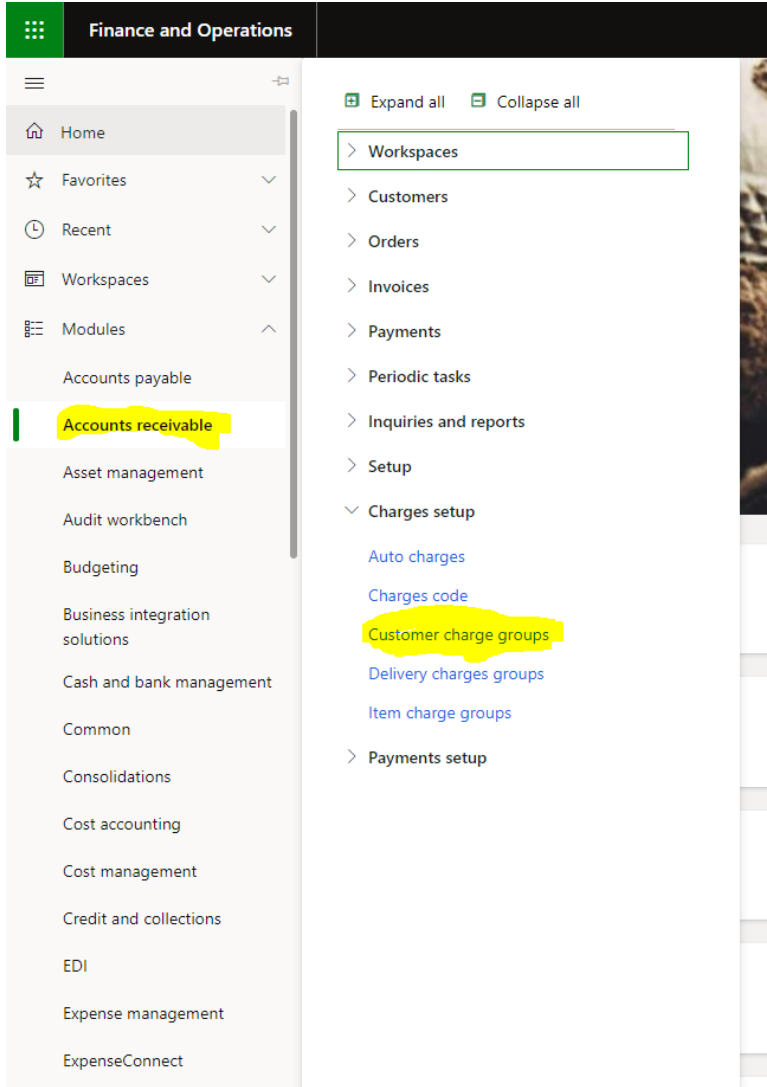


- Click New
- Add name and description. For latitude royalty accruals, code should be "LATITUDE". For other royalties, code should be "ROYALTIES"
- Add sales tax group
- Add Debit and Credit information
  - For rebates:
    - Type - Ledger account
    - Posting - Rebate
    - Account - Accrual balance sheet account and P&L revenue account.
    - Note - Debit should be 1360/Balance sheet account. Credit should be 8120/revenue account. All transactions will be entered as minus amounts, so this is correct
    - Rebate Payment Account - GL account rebate credit notes will be paid from. Usually 1360/Balance sheet GL
    - Recalculate - Yes
    - Prepayment - No
  - For Royalties (Ensure code is LATITUDE or ROYALTIES)
    - Type - Ledger account
    - Posting - Vendor disbursement
    - Account Accrual balance sheet and P&L COS account
    - Note - Debit should be 1820 for Latitude or 1821 for others. Credit should be 7160. All transactions will be entered as minus amounts, so this is correct
  - For Invoice Discounts/Charges
    - Debit Type - Customer/Vendor
    - Credit Type - Ledger account
    - Credit Posting - Dependent on type of discount/charge. Eg Customer invoice discount
    - Credit Account - P&L Revenue account.
    - Note - Discounts transactions will be negative amounts and charges will be positive
  - If you require rebate prepayments
    - Type - Ledger account
    - Posting - Rebate
    - Account - Accrual balance sheet account and P&L revenue account.
    - Note - Debit should be 1360/Balance sheet account. Credit should be 8120/revenue account. All transactions will be entered as minus amounts, so this is correct
    - Rebate Payment Account - GL account rebate credit notes will be paid from. Usually 1360/Balance sheet GL
    - Recalculate - No
    - Prepayment - Yes

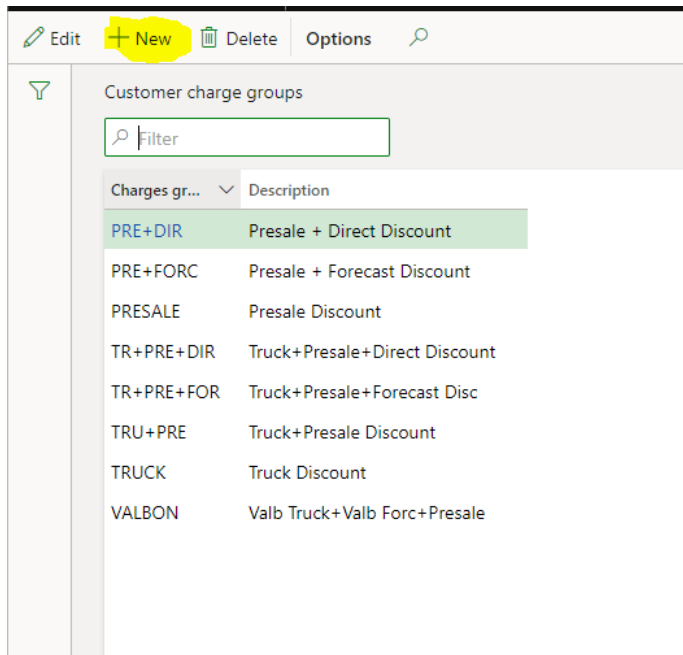
### 1.3. Customer Charge Groups

Accounts receivable -> Charges setup -> Customer charge groups

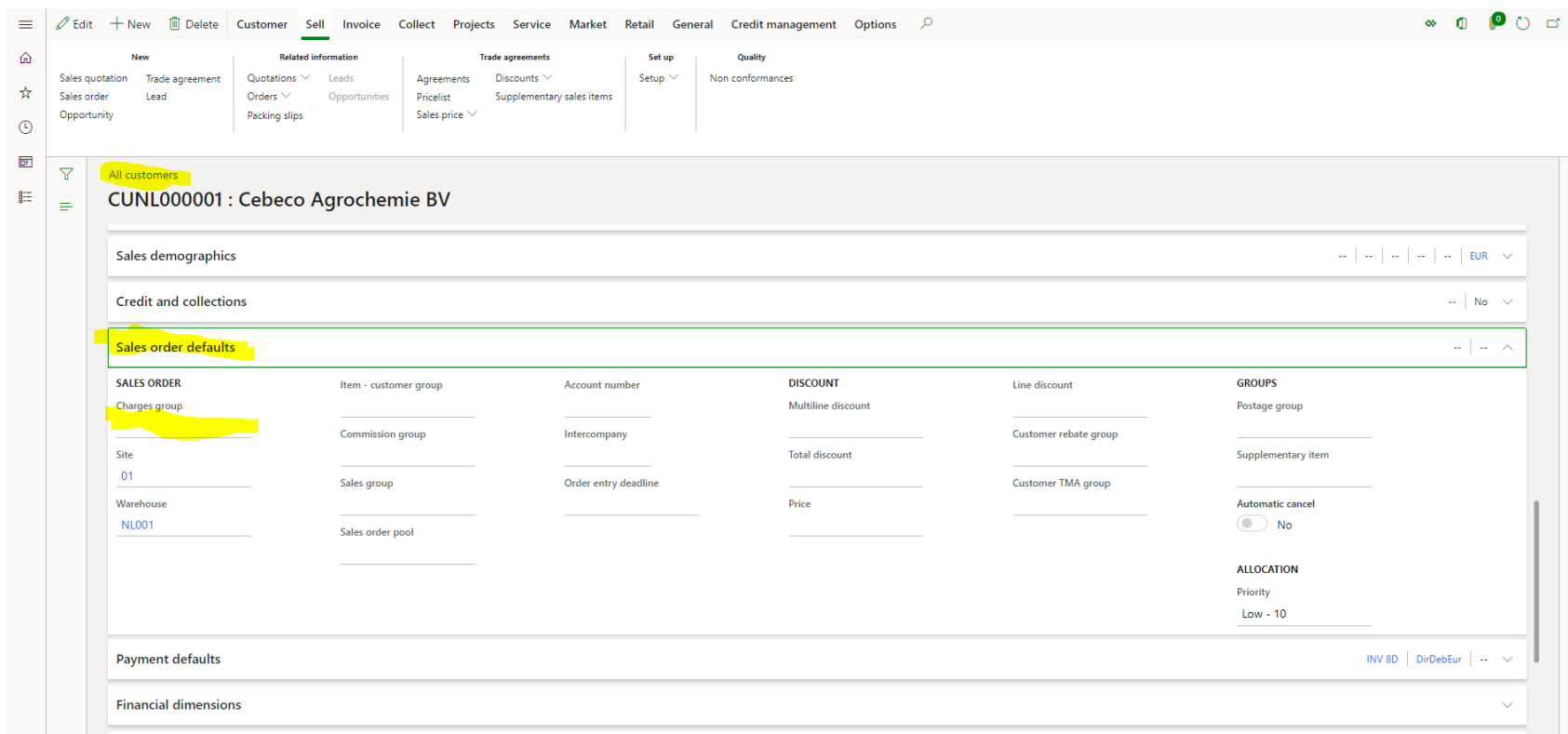
These are used to group customers together to receive the same auto charge percentages or amounts.



- Create charge group from Customer Charge Group menu. Just choose a name and a description



- Customers can be linked to this charge group in their master data. Sales Order Defaults -> Charges Group

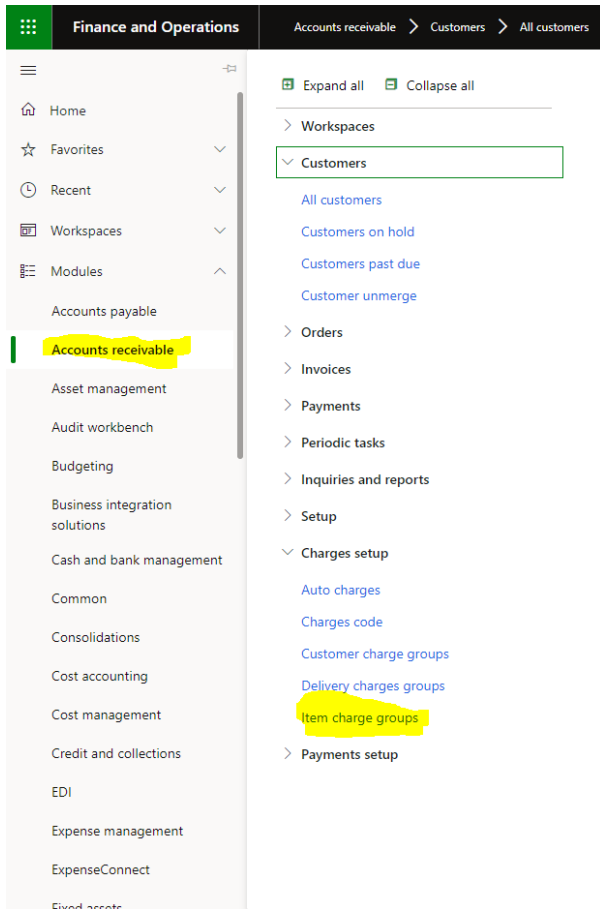


- Customer charge groups can also be input during sales order entry. This can be used to allow customer services to apply a specific charge or not

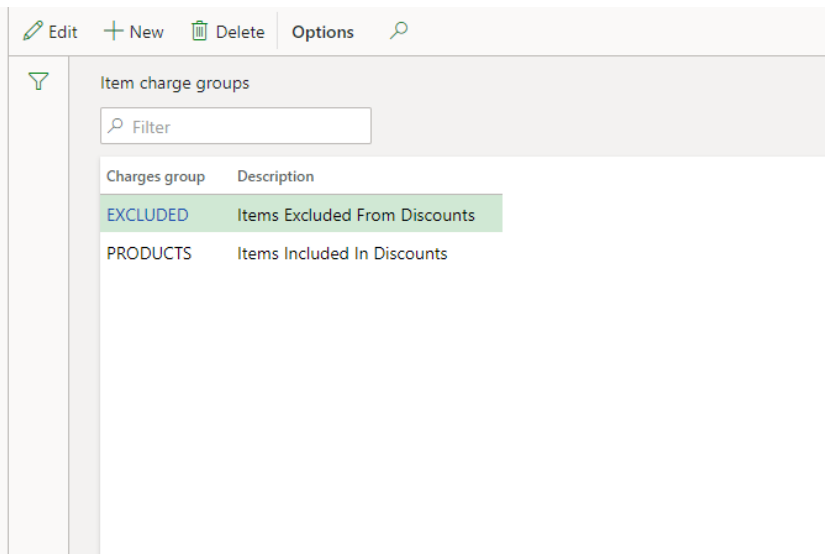
## 1.4. Item Charge Groups

Accounts receivable -> Charges setup -> Item charge groups

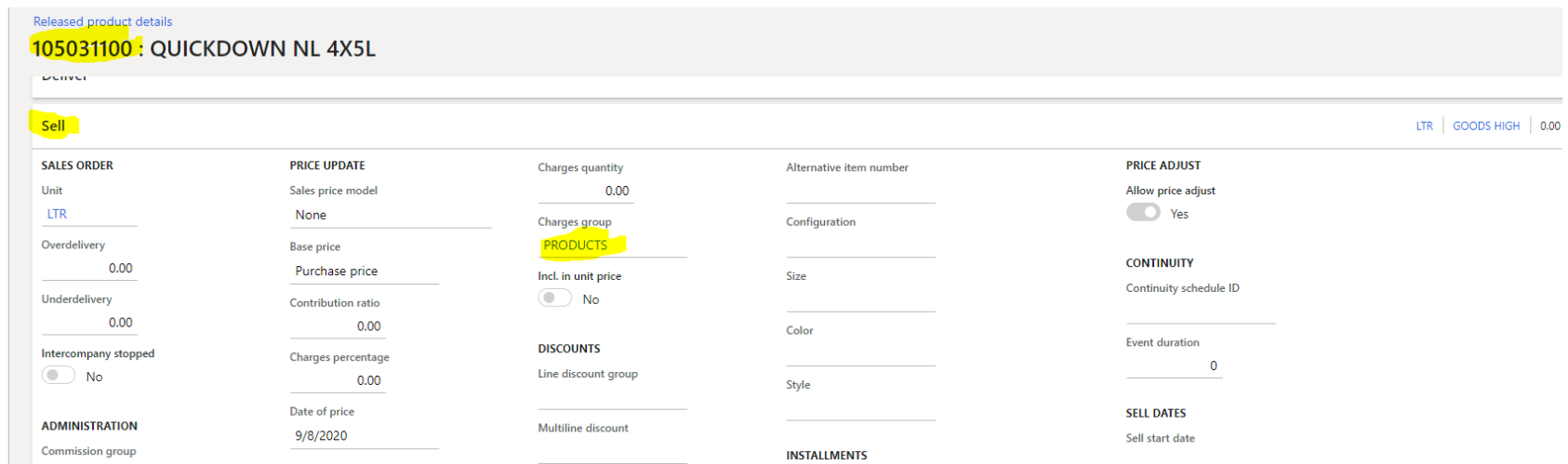
These are used to group items together to receive the same auto charge percentages or amounts. For example, so all Latitude SKUs accrue the same percentages for a royalty



- Create charge group from Item Charge Group menu. Just choose a name and a description

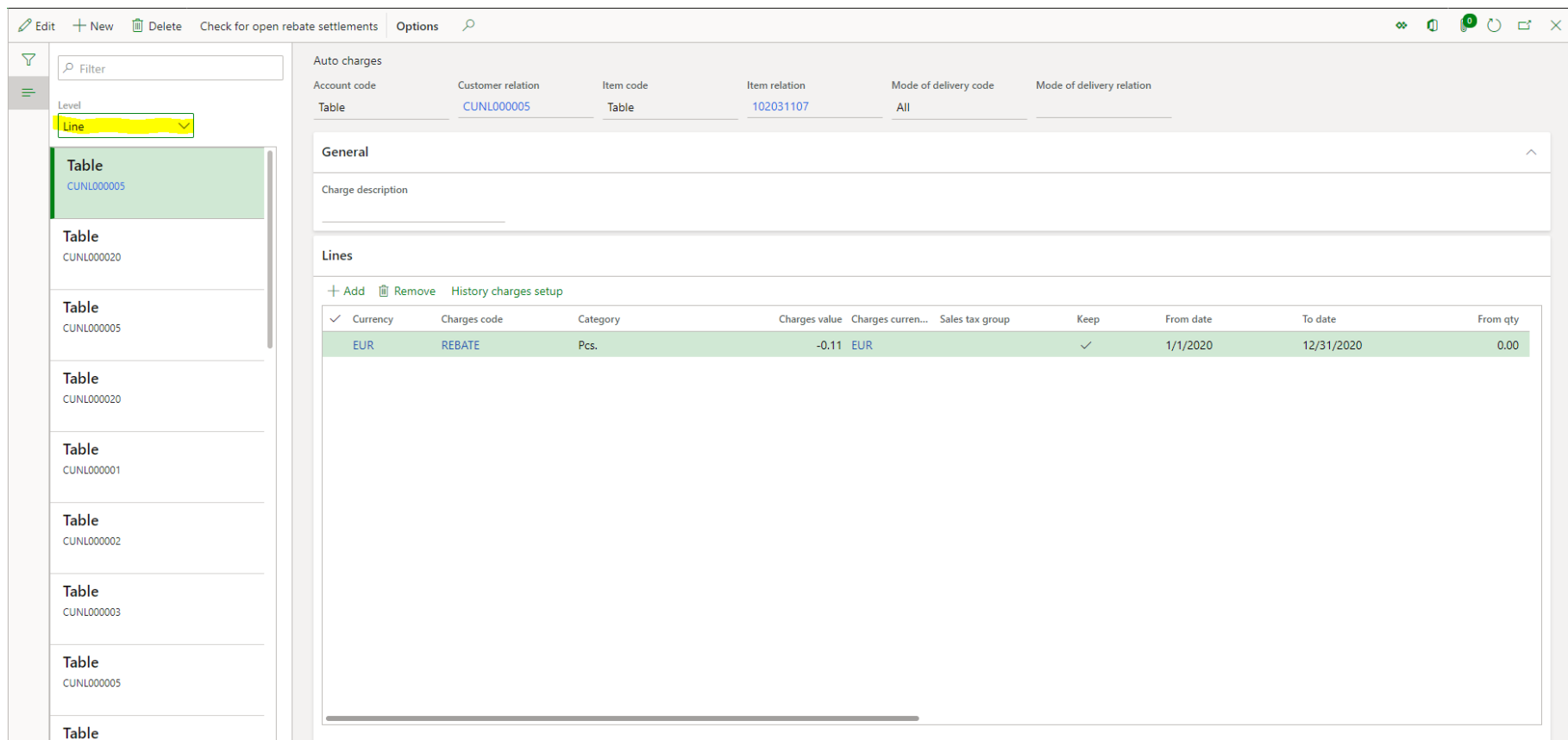
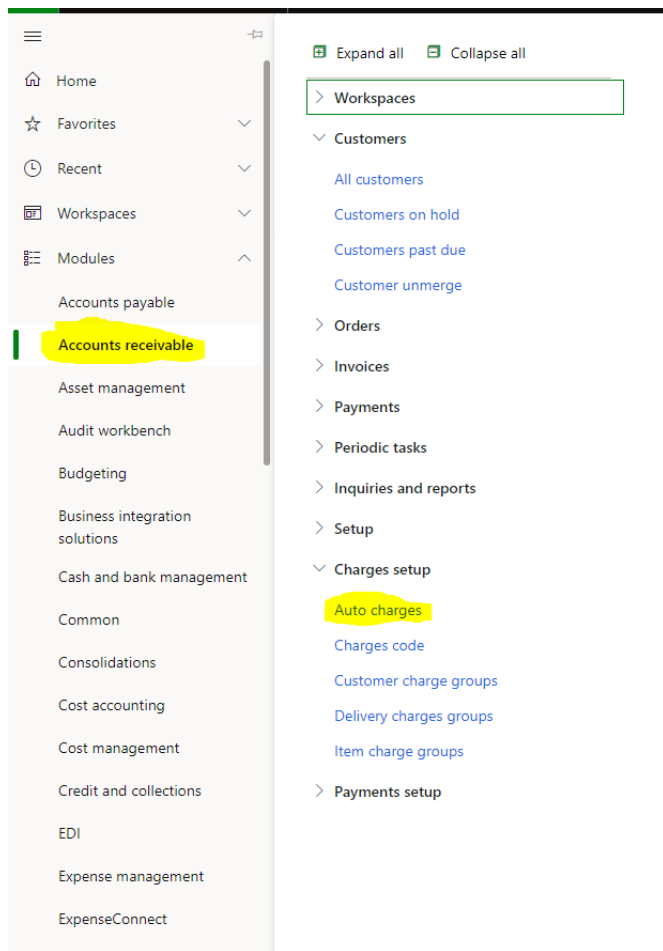


- Items are then linked to these charge groups in their master data. Sell -> Charges Group



## 1.5. Auto Charge Lines

These set up criteria to apply auto charges, how much those charges are, and how they are calculated. Instructions are below to manually set up. If there are large amounts of charges, there is the facility to upload the data via a spreadsheet



- Level – Header or line. Header level charges will be applied on a header level on a sale. They will not register per product. Line level charges are applied on each line of a sale that meets the set criteria. These will affect the margin of the products
- Delivery charges and discounts will be header level charges
- Rebates, product royalties and product discounts will be line level charges
  
- The top lines set the criteria for the auto charge to be applied. You can set which customers have to order which products to apply charges
  - Account Code and Customer Relation
    - Account Code Table – Customer Relation is a single customer the charge below will apply to
    - Account Code Group – Customer Relation is a Customer Group the charges below will apply to
    - Account Code All – All customers. Customer Relation is grey. Charges below will apply to all customers
  - Item Code and Item Relation
    - Item Code Table – Item Relation is a single item code the charges below will apply to
    - Item Code Group – Item Relation is a Item group the charges below will apply to
    - Item Code All – All items. Item relation is grey. Charges below will apply to all item
- Charges Description – A useful description. For Example "Latitude Royalties"

- Charge Lines
  - Currency – Transaction Currency
  - Charges Code – Set up from the first step. Will define which GL/Main Accounts this charge will use
  - Category
    - Fixed – A fixed amount. E.g a fixed charge of €30
    - Pcs – An amount per sale unit. E.g 400 units \* €0.50 = €200
    - Percent – A percentage of the line total. E.g. 1% of €10,000 = €100
  - Charge Value – The fixed amount, per pce or % charge to be applied.
    - **Note- Discounts/rebates/royalties should ALWAYS be entered as negative amounts E.g -42%. Charges should always be entered as positive E.g.. Delivery charge €30**
  - Charges Currency – Transaction currency
  - Sales Tax Group – Only use on Customer/Vendor charges to include VAT in the invoice calculation. Financial movements like rebates and royalties should leave this field blank
  - Keep – Leave ticked
  - From Date – Date the charge applies to
  - To Date – Date the charge applies to
  - From Quantity – Minimum amount needed on sales line to apply charge
  - To Quantity – Maximum amount need on sales line to apply charge
  - Specify on Documents – To display discount/delivery charges on customer documents
    - Order Confirmation – Print charge details on sales order confirmation. **DO NOT use for rebates/royalties.**
    - Sales Invoice – Print charge details on sales invoices. **DO NOT use for rebates/royalties.**
    - Both – Print charge details on sales order confirmations and sales invoices. **DO NOT use for rebates/royalties**
    - None – Do not print auto charges on documents. **Use for rebates/royalties**
  - Rebate Settlement type – For rebates.
    - Customer credit note. Use for rebates
    - Vendor invoice. Use for rebates
    - None. Use for discounts, charges and royalties
  - Rebate Settlement retrieved from. To specify who to raise a credit note or Vendor Invoice to
    - From Expected Rebate Line – Specify specific account to pay in Rebate Settlement Number
    - From Invoice Account – Pay rebate credit note to invoice account of customer
    - From Order Account – Pay rebate credit note to order account of customer
  - Rebate Settlement Number – Dependent on selection of rebate settlement type. Only use when Rebate Settlement Retrieved From is "From Expected Rebate Line"
    - If Rebate Settlement Type is Customer Credit Note – Choose customer Number to pay credit note to
    - If Rebate Settlement Type is Vendor Invoice – Choose vendor number to pay via vendor invoice
  - Rebate Settlement Currency – Transaction currency to pay rebate. **IMPORTANT. Never leave this blank**
  - Calculation Basis – When the charge is a percentage, set which value to calculate the percentage from
    - Net Amount – Line total minus price list discounts
    - Gross Amount – Line total regardless of price list discounts
    - Net Amount + Selected Markups – Line total minus price list discounts minus selected auto charges
    - Gross Amount + Selected Markups – Line total minus selected auto charges
  - Include in Calculation – Tick to include as selected markup above
    - E.g. Line total = €1000. Rebate of 10%. Royalty of 50%.
    - Rebate Calculation Basis Net Amount, Include In Calculation
    - Royalty Calculation Basis Net Amount + Selected Markups.
    - Rebate = €1000 \* 10% = €100
    - Royalty = €1000 – Rebate \* 50%. €1000 - €100 \* 50%. €900 \* 50% = €450
  - Open Rebate Settlement – Leave as is
- **Note For Prepayments**
  - If using rebate prepayments, a special charge code and charge line has to be created. Details of charge code is in Charge Code Section. For Charge Line
    - Account Code – All
    - Item Code- Table
    - Item Relation – Item Code for Prepayment Item
    - Currency – Transaction Currency
    - Charges Code – Prepayment
    - Category – Percent
    - Charges Value – -100%
    - Charges Currency Transaction Currency
    - Sales Tax Group – Blank
    - Keep – Tick
    - From Date – Blank
    - To Date – Blank
    - From Quantity – -100000000
    - To Quantity – 100000000
    - Specify On Documents – None
    - Rebate Settlement Type – Same as rebate accruals
    - Rebate Settlement Retrieved From – Same as rebate accruals
    - Rebate Settlement Number – Same As rebate accruals
    - Rebate Settlement Currency – Transaction currency
    - Calculation Basis – Net Amount
    - Include In Calculation – Not Ticked



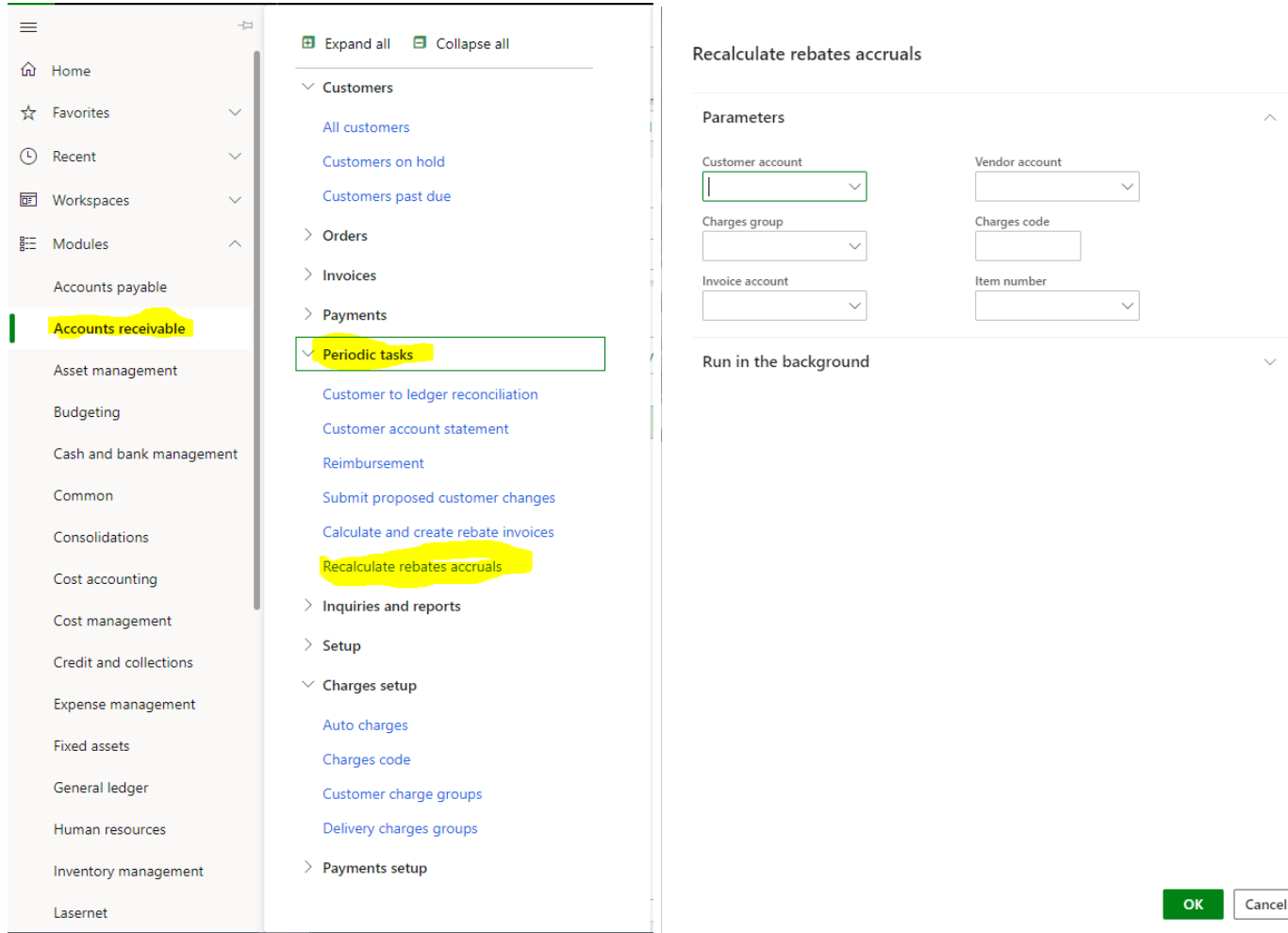
## 1.6. Net Price Adjustments

When the charge code is set to "Recalculate", there is a facility to recalculate accruals if the charge amount has changed. This is used for rebates, to allow the net price to change over time.

If a net price is changed on an auto charge line, the system will automatically apply those adjustments to all transactions within time period set within the charge line.

These adjustments are done as single transactions within the current month.

Accounts Receivable ->Periodic Tasks ->Recalculate Rebate Accruals



The screenshot shows the Certis Belchim system interface. On the left is a navigation menu with 'Accounts receivable' highlighted. The main area shows a tree view under 'Periodic tasks' with 'Recalculate rebates accruals' selected. On the right is the 'Recalculate rebates accruals' form with the following fields:

- Parameters:**
  - Customer account (dropdown)
  - Vendor account (dropdown)
  - Charges group (dropdown)
  - Charges code (text input)
  - Invoice account (dropdown)
  - Item number (dropdown)
- Run in the background:** (checkbox)

At the bottom right are 'OK' and 'Cancel' buttons.

This will automatically create a new sales order with the item lines "Rebate Recalculation" and then use an auto charge to assign them to products. The parameters can be used to limit the recalculation to a certain customer, charge group, invoice account, vendor account, charge code or item. Ordinarily leave this blank.

## 1.7. Rebate Prepayments

Create new sales order for item "Rebate Prepayment" Item.

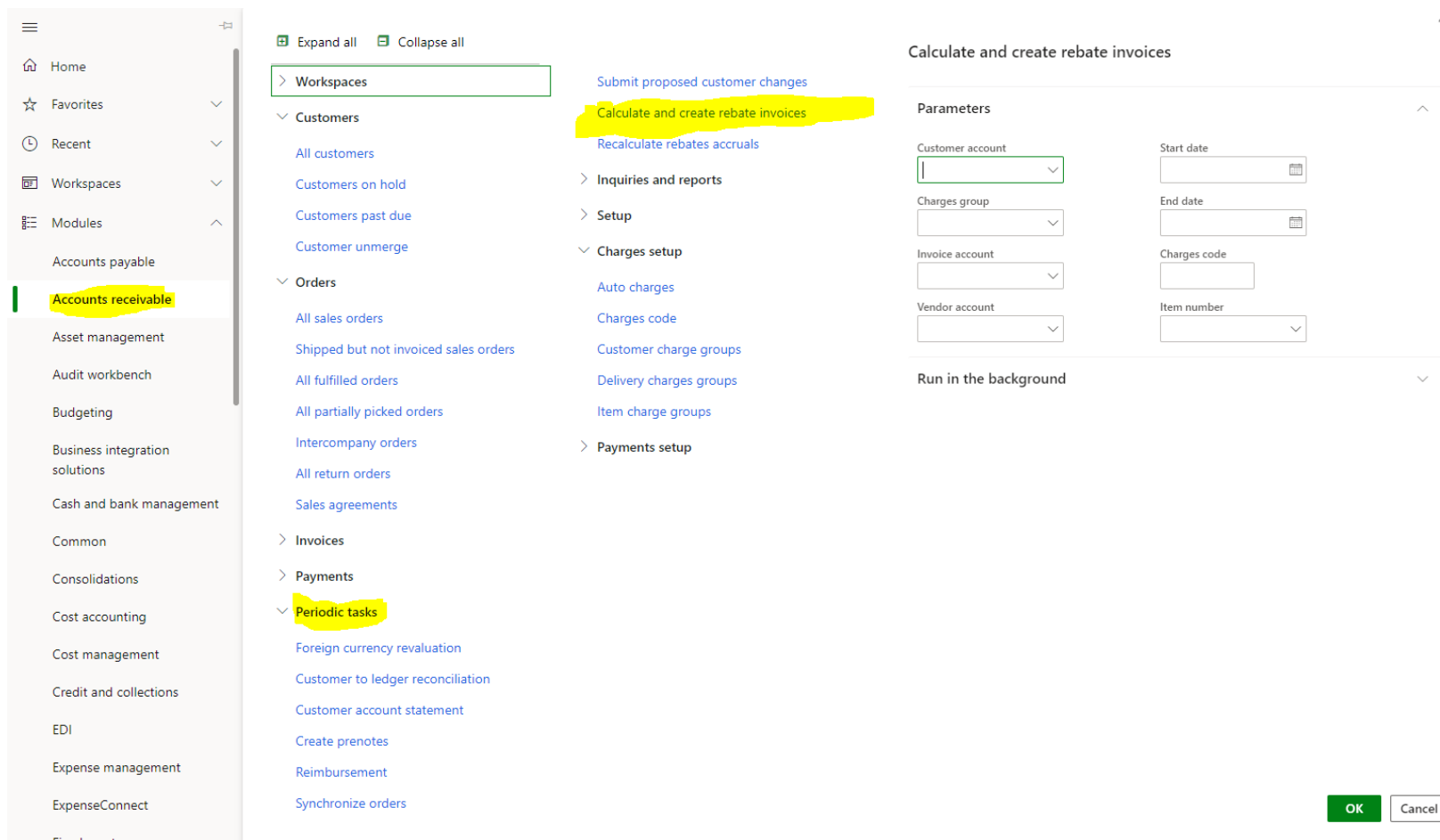
Sales order must be entered with a volume of -1 items, and unit price of the prepayment. This will create a credit note to the customer for the amount on prepayment, and take the prepayment into account on subsequent rebate payments

## 1.8. Rebate Payments

Credit Notes/Vendor Invoices are automatically created. This will pay all accrued amounts to the customer, minus any prepayments.

As this pays all accrued amounts, if net prices are to be adjusted, this needs to be done prior to payment of rebates. See above Net Price Adjustment steps.

The parameters can be used to limit the credit notes to a certain customer, charge group, invoice account, vendor account, date range charge code, or item.



The screenshot displays the Certis Belchim user interface. On the left is a navigation menu with categories like Home, Favorites, Recent, Workspaces, and Modules. The 'Accounts receivable' module is highlighted. The main area shows a tree view of tasks under 'Periodic tasks', with 'Calculate and create rebate invoices' highlighted. To the right, a form titled 'Calculate and create rebate invoices' contains several input fields: 'Customer account', 'Charges group', 'Invoice account', 'Vendor account', 'Start date', 'End date', 'Charges code', and 'Item number'. Below these fields is a checkbox for 'Run in the background'. At the bottom right, there are 'OK' and 'Cancel' buttons.

This will automatically create and post free text credit notes/vendor invoices, from the GL account specified in the charge code. This will ordinarily be the rebate accrual account.

The entire rebate will be on a single line on the free text invoice, with any prepayments on a second line. A breakdown by item and customer can be analysed in BI to produce a rebate statement to the customer