

# Accounts Receivable Operations and Reporting in Oracle ERP Project

## Project Members:

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**Objective:** To equip the user with the skills needed to manage customer invoices, record payments, generate reports, and close periods in the Accounts Receivable module.

## Customer Invoices and Billing

**Definition:** The process of creating, managing, and adjusting customer invoices in the Accounts Receivable module, ensuring accurate billing and tracking of outstanding amounts.

## Key Tasks:

### 1. Create and Manage Customer Invoices:

- a. **Definition:** The procedure for generating invoices for customers, detailing the products or services provided.
- b. **Learn how to create manual customer invoices.**
  - i. **Steps:**
    1. Navigate to **Transactions** → **Transactions**.
    2. In the "Source" field, select **Consult-Manual**.
    3. Choose **Class** and **Type** as **Invoice**.
    4. Enter the invoice date and select the currency.
    5. Choose the customer from the list.

6. Click on **Items Line** to enter service/item details (name, quantity, unit price).
7. Review the invoice for accuracy and click **Complete**.
8. To post the accounting entry, navigate to **Accounting Create** → **Tools** → **Accounting Final Create**.

Oracle Applications - it

File Edit View Folder Tools Actions Window Help

Transactions (Vision Operations : USD)

**Transaction**

Source: Manual-Consult  
 Number: 501475  
 Class: Invoice  
 Type: Inv-Consult-East  
 Reference:  
 Legal Entity: Vision Operations

Date: 18-10-2024  
 GL Date: 18-10-2024  
 Currency: USD  
 Document Num:  
 Transaction: [ ]  
☒ Complete

**Balance Due**

Line	2,000.00
Tax	200.00
Freight	0.00
Charges	0.00
<b>Total</b>	<b>2,200.00</b>

Details Refresh

**Main More Notes Commitment Reference Information**

**Ship To**

Name:  
 Number:  
 Location:  
 Address:  
 Contact:

**Bill To**

OGF Group of Companies  
 6041  
 14338  
 86 High St  
 Mansfield 3722 Australia

**Sold To**

Name: OGF Group of Companies  
 Number: 6041

**Paying Customer**

Name: OGF Group of Companies  
 Number: 6041  
 Location: 14338

**Payment Details**

Receipt Method:  
 Payment Method:  
 Instrument Number:  
 Select Instrument

Commitment:  
 Payment Term: N30  
 Invoicing Rule:  
 Due Date: 17-11-2024

Line Items Tax Freight Distributions Sales Credits Incomplete

How to create customer invoice

**Subledger Journal Entry Lines**

**Advanced Search**

Specify parameters and values to filter the data that is displayed in your results set.

Match ☒ All ☐ Any

Balancing Segment is   
 Natural Account Segment is   
 GL Date is  (20-10-2024)

Go Clear Add Another Accounted CR Add

Select Subledger Journal Entry Line: View Transaction View Journal Entry Export ...

Ledger	Account	AccountDescription	GL Date	Accounting Class	Accounted DR	Accounted CR	Supporting References
<input checked="" type="radio"/> Vision Operations (USA)	01-000-1210-0000-000	Operations-No Department-Accounts Receivable > BI-No Sub Account-No Product	18-10-2024	Receivable	2,200.00		00
<input type="radio"/> Vision Operations (USA)	01-000-4130-0000-000	Operations-No Department-Consulting-No Sub Account-No Product	18-10-2024	Revenue		2,000.00	00
<input type="radio"/> Vision Operations (USA)	01-000-1320-0000-000	Operations-No Department-Standard VAT > Receivable-No Sub Account-No Product	18-10-2024	Tax		200.00	00

Save Search

To post the accounting entry, navigate to **Accounting Create** → **Tools** → **Accounting Final Create**.

c. **Review invoice details such as customer information, payment terms, and line items.**

- i. Access the invoice by navigating to **Transactions** → **Transactions** and searching for the specific invoice using the customer name or invoice number.

**2. Auto-Invoicing Process:**

- a. **Definition:** The method of automatically generating invoices from data imported from other modules, such as Order Management.
- b. **Use the auto-invoice process to import and generate invoices from other modules.**

i. **Steps:**

1. Navigate to **AutoInvoice** → **AutoInvoice Import**.
2. Select the data file to upload (usually in a specific format).
3. Click **Import** and monitor the progress.
4. Review the AutoInvoice Execution Report for any errors or warnings.

5. Validate invoices by navigating to **AutoInvoice** → **AutoInvoice Validation** and address any issues identified.
6. Post auto-generated invoices via **Transactions** → **Transactions**.

The screenshot displays the Oracle AutoInvoice Options setup interface. On the left, a navigation pane shows the hierarchy: Setup > Transactions > Sources. The 'Sources' option is highlighted. The main window is titled 'Define Invoice Sources' and contains several tabs: 'Batch Source', 'AutInvoice Options' (which is active), 'Customer Information', and 'Accounting Information'. The 'AutInvoice Options' tab contains the following fields and options:

- Operating Unit: Vision Operations
- Legal Entity: Vision Operations
- Name: ORDER ENTRY
- Type: Imported
- Invalid Line: Reject Invoice
- GL Date in a Closed Period: Reject
- Grouping Rule: DEFAULT (highlighted with a red box)
- Payment Details Defaulting Hierarchy: Parent of Bill-To Custom
- ☐ Create Clearing
- ☒ Allow Sales Credit

### 3. Invoice Adjustments:

- a. **Definition:** The process of modifying existing invoices to account for discounts, credits, or disputes.
- b. **Apply adjustments or credits to existing customer invoices (e.g., discounts, disputes).**
  - i. **Steps:**
    1. Find the invoice you need to adjust by navigating to **Transactions** → **Transactions**.
    2. Select the invoice and choose **Credit** → **Actions** → **Balance Credit** to create a credit memo for the full invoice amount.
    3. Enter the reason for the adjustment and click **Complete**.



4. To post adjustments, navigate to **Accounting Create** → **Tools** → **Accounting Final Create**.

c. **Post adjustments and analyze their impact on the customer's account balance.**

i. After posting the adjustment, review the customer account balance by going to **Receivables** → **Customer Accounts** and checking the updated balance.

The screenshot displays the SAP 'Accounting Final Create' transaction screen. The main window is titled 'Balance Due' and shows a credit memo for a customer account. The 'Transaction' tab is active, displaying fields for Source (Manual-Consult), Number (501475), Date (18-10-2024), GL Date (18-10-2024), Currency (USD), and Operating Unit (Vision Operations). The 'Credit Memo' section shows the Batch (None), Source (Manual-Consult), Number (501475), Reason, GL Date (20-10-2024), and Currency (USD). The 'Transaction Amounts' table shows the following data:

Line	Credit Memo %	Amount	Credited Transaction Original	Balance Due
54 5455		<1,090.91>	2,000.00	0.00
Tax	54 5450	<109.09>	200.00	0.00
Freight				0.00
Total	54 5455 %	<1,200.00>	2,200.00	0.00

A 'Note' dialog box is open in the foreground, stating: 'APP-AR-11641: The balance amount of the transaction has been credited. Please save your changes and complete the credit memo.' The 'OK' button is visible.

#### 4. Customer Inquiry and Aging Report:

a. **Definition:** Tools used to review customer account details and outstanding balances.

b. **Use inquiry tools to view customer account details.**

i. **Steps:**

1. Navigate to **Receivables** → **Customer Accounts**.

2. Search for the customer using their name or customer number.
3. Review account details, including outstanding invoices and payment history.

Account Details (Vision Operations - USD) - OGF Group of Companies

Operating Unit	Legal Entity	Number	Seq	Class	Days Late	Due Date
Vision Operations	Vision Operations	501475	1	Invoice	-28	17-11-2024

Cumulative Balance: Entered: 1,200.00 Functional: 1,200.00

Total Balance: 1,200.00

Buttons: Balances, Adjust, Transaction Overview, Details, Activities

**c. Run and review the Aging Report to track outstanding balances by customer.**

**i. Steps:**

1. Go to **Reports** → **Receivables** → **Aging Report**.
2. Set the parameters, including date range and aging buckets (30, 60, 90 days, etc.).
3. Click **Submit** to generate the report.
4. Review the report for outstanding balances, making note of any overdue amounts.

Company Name									
Accounts Receivable and Aging									
Customer Name	Invoice #	Invoice Date	Invoice Amount	Payment Terms	Amount Received	Date Received	Due Date	Amount Outstand	Days Past Due
Joe Brown	1011	3/1/2016	₹ 35,000	30	₹ 25,000	5/5/2016	3/31/2016	₹ 10,000	326
Sarah Ferris	1045	4/5/2016	₹ 25,600	30	₹ 20,000	6/28/2016	5/5/2016	₹ 5,600	291
John Jackson	1089	12/3/2016	₹ 115,400	30	₹ 100,000	1/10/2017	1/2/2017	₹ 15,400	49
Jil Kempson	1092	10/20/2016	₹ 43,900	30	₹ 43,900	1/11/2017	11/19/2016	₹ -	
Don Lane	1133	12/21/2016	₹ 65,700	30	₹ 45,700	1/12/2017	1/20/2017	₹ 20,000	31
Toni Smith	1197	12/1/2016	₹ 23,400	30	₹ 12,000	12/12/2016	12/31/2016	₹ 11,400	51
Joe Brown	1197	1/1/2016	₹ 45,600	30	₹ 35,000		1/31/2016	₹ 10,600	386
				30	₹ -			₹ -	
				30	₹ -			₹ -	
				30	₹ -			₹ -	
				30	₹ -			₹ -	
				30	₹ -			₹ -	
				30	₹ -			₹ -	
				30	₹ -			₹ -	

*Example AR aging report in a spreadsheet*

### Deliverables:

- Manual and auto-generated customer invoices created and posted.
- Adjustments applied to invoices and posted.
- Aging Report generated and reviewed for outstanding balances.

## Payment Management and Cash Applications

**Definition:** The process of recording customer payments, managing receipts, and applying them accurately to customer accounts.

### Key Tasks:

#### 1. Record Customer Payments:

- Definition:** The method of entering and applying payments received from customers to their invoices.

- Enter and apply customer payments (e.g., checks, electronic payments) to invoices.**

##### i. Steps:

1. Navigate to **Receipts** → **Receipts**.
2. Select the **Receipt Method** (e.g., Check, Electronic).
3. Enter the receipt number and total amount received.

4. In the **Unidentified Amount** field, confirm that the amount appears correctly.
5. Apply the payment to the relevant invoice by clicking **Apply** and selecting the invoice.
6. Save the record and ensure it is posted via **Accounting Create** → **Tools** → **Accounting Final Create**.

**c. Record partial payments, overpayments, and underpayments.**

- i. When entering payments, adjust the amounts in the application window to reflect partial or overpayments. Follow the same posting steps.

The screenshot shows the 'Receipts (Vision Operations - USD)' application window. On the left is a navigation pane with 'Receipts/Receipts' selected. The main area contains a 'Receipt' form with the following details:

- Receipt Method: AM CASH 1
- Receipt Number: 15
- Receipt Date: 20-10-2024
- Receipt Amount: USD 5,000.00
- Receipt Type: Standard
- State: Cleared
- GL Date: 20-10-2024
- Maturity Date: 20-10-2024
- Functional Amount: 5,000.00

To the right of the form is a 'Balances' table:

Unidentified	0.00
Applied	4,000.00
On Account	0.00
Unapplied	1,000.00
Cash Claims	0.00
Prepayments	0.00

Below the form is a 'Detail' section with 'Identify By' (Trans Number: 525510) and 'Customer' information (Name: United Parcel Service, Number: 1063, Location: Atlanta (OPS), Taxpayer ID: 01-83937602). There are also fields for 'Customer Bank' (Name, Account, PSN) and 'Remittance Bank' (Name: MA\_ALAHLI, Branch: New\_Cairo, Account: \*\*\*\*\*3774). At the bottom are buttons for 'Confirm', 'Reverse', 'Receipt History', 'Search and Apply', and 'Apply'.

**2. Process Receipts:**

- a. **Definition:** The act of managing the entry and application of receipts received from customers.
- b. **Use the Receipts Workbench to process payments received from customers.**
  - i. **Steps:**
    1. Navigate to **Receipts** → **Receipts Workbench**.
    2. Enter details about the receipt, including the customer and amount.
    3. Apply the receipt to outstanding invoices as necessary.



4. Post the receipts using **Accounting Create → Tools → Accounting Final Create**.

### 3. Manage Unapplied and On-Account Receipts:

- a. **Definition:** Handling receipts that have not yet been applied to specific invoices and managing payments made in advance.
- b. **Handle unapplied receipts and assign them to the correct invoices when necessary.**
  - i. **Steps:**
    1. Navigate to **Receipts → Unapplied Receipts**.
    2. Select the unapplied receipt you wish to assign.
    3. Click **Apply** and select the corresponding invoice.
    4. Save and post the transaction.
- c. **Apply on-account payments to future invoices.**

Operating Unit	State	Receipt Number	Type	Receipt Date	Curr	Receipt Amount	Unapplied Amount
Vision Operations	Unapplied	16	Standard	20-10-2024	USD	5,000.00	5,000.00
Vision Operations	Unapplied	181	Standard	05-12-2016	USD	16,800.00	16,800.00
Vision Operations	Unapplied	2	Standard	06-09-2024	USD	30,000.00	30,000.00
Vision Operations	Unapplied	22	Standard	01-01-2001	USD	1,000.00	1,000.00
Vision Operations	Unapplied	222	Standard	09-09-2024	USD	1,000.00	1,000.00
Vision Operations	Unapplied	222	Standard	10-12-2016	USD	8,000.00	8,000.00
Vision Operations	Unapplied	3	Standard	17-08-2024	USD	20,000.00	20,000.00
Vision Operations	Unapplied	4	Standard	31-12-2016	USD	2,000.00	2,000.00
Vision Operations	Unapplied	41	Standard	07-09-2024	USD	6,000.00	6,000.00
Vision Operations	Unapplied	5	Standard	01-12-2016	USD	10,000.00	6,160.00
Vision Operations	Unapplied	5696	Standard	14-08-2024	USD	1,000.00	1,000.00
Vision Operations	Unapplied	66	Standard	03-09-2024	USD	1,000.00	1,000.00
Vision Operations	Unapplied	66	Standard	01-01-2016	USD	10,000.00	10,000.00
Vision Operations	Unapplied	88	Standard	09-09-2024	USD	5,000.00	5,000.00
Vision Operations	Unapplied	99999	Standard	01-12-2016	USD	5,000.00	5,000.00
Vision Operations	Unapplied	nt-0001	Standard	18-06-2024	USD	1,000.00	1,000.00

- i. When entering a payment meant for a future invoice, mark it as on-account during the receipt entry process.

#### 4. Refund Process:

- a. **Definition:** The process of issuing refunds to customers for overpayments or credits.
- b. **Learn how to process customer refunds for overpayments or other credits.**
  - i. **Steps:**
    1. Navigate to **Receipts** → **Receipts**.
    2. Select the receipt to be refunded and click **Refund**.
    3. Enter the refund amount and choose the refund method (e.g., check).
    4. Click **Complete** and post using **Accounting Create** → **Tools** → **Accounting Final Create**.
- c. **Post refund transactions and review their impact on the customer's account.**
  - i. After posting, check the customer's balance to ensure the refund is reflected correctly.

#### Deliverables:

- Customer payments and receipts recorded and posted.
- Unapplied receipts handled and on-account payments managed.
- Refund transactions processed and posted.

### Period Closing and Reporting

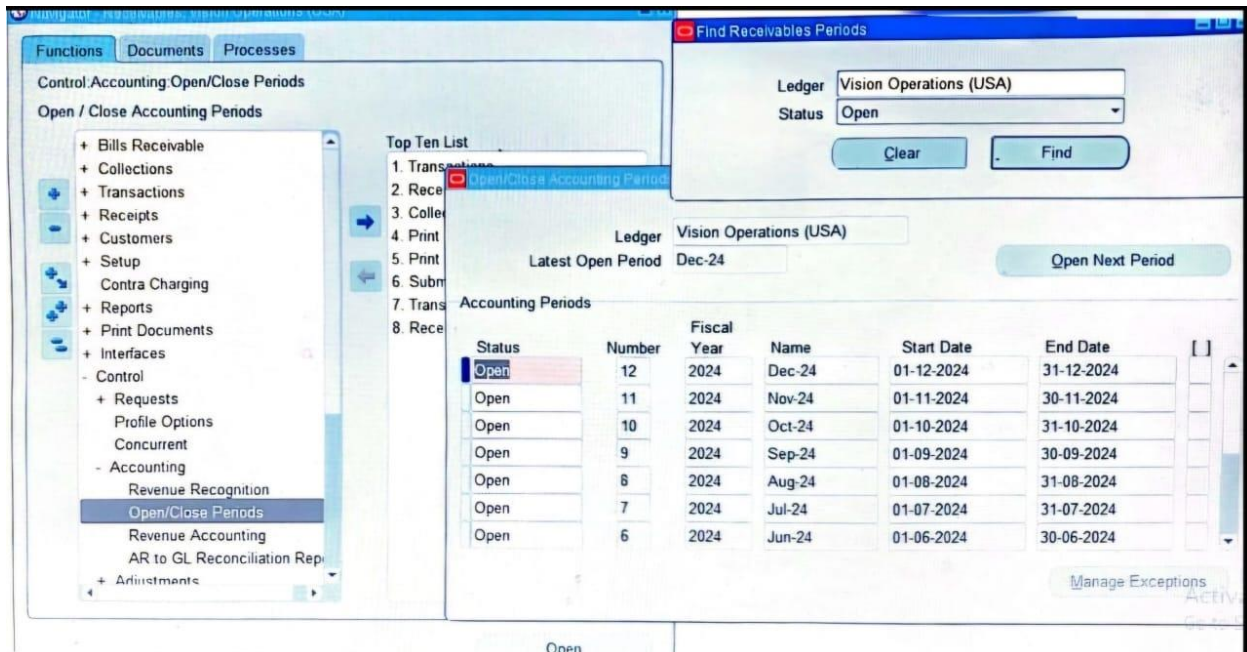
**Definition:** The procedures involved in closing the Accounts Receivable period and generating necessary reports to ensure accuracy and compliance.

#### Key Tasks:

##### 1. AR Period-End Close:

- a. **Definition:** The process of finalizing the Accounts Receivable period to ensure all transactions are recorded before reporting.
- b. **Learn how to close the Accounts Receivable period.**
  - i. **Steps:**

1. Navigate to **Receivables** → **Period Close**.
2. Ensure that all invoices, payments, and adjustments are posted by reviewing the status of each.
3. If everything is correct, click **Close Period** and confirm the closure.



## 2. Generate Financial Reports:

- a. **Definition:** The act of creating essential reports that summarize the financial activities within the Accounts Receivable module.
- b. **Run key AR reports such as the Customer Balance Summary, Transaction Register, and Receipt Register.**
  - i. **Steps:**
    1. Access the reports through **Reports** → **Receivables**.
    2. Select the desired report (e.g., Customer Balance Summary).

3. Set the parameters (date range, customer, etc.).
4. Click **Submit** to generate the report.
5. Review each report for accuracy and completeness.

**c. Review financial reports to ensure accuracy before closing the period.**

- i. Cross-check report figures with actual transactions and adjust as needed.

**3. Reconciliation with General Ledger:**

- a. **Definition:** The process of comparing and ensuring that the balances in the Accounts Receivable sub-ledger match those in the General Ledger.

**b. Reconcile the AR sub-ledger with the General Ledger to ensure that all transactions are accounted for.**

**i. Steps:**

1. Navigate to **Receivables** → **Reconciliation**.
2. Select the period you want to reconcile.
3. Generate the reconciliation report to compare the AR sub-ledger with the General Ledger.
4. Review any discrepancies. For each discrepancy, drill down to the transaction level to identify the cause.
5. Make necessary adjustments in either the sub-ledger or General Ledger to ensure the figures match.
6. Confirm that all transactions have been accounted for and saved correctly.

**4. Write-offs and Bad Debts:**

- a. **Definition:** The act of formally recognizing uncollectible accounts as losses.

**b. Process and post write-offs for uncollectible accounts.**

**i. Steps:**

1. Identify uncollectible accounts using the **Aging Report**.
2. Go to **Receipts** → **Receipts** and find the customer account.
3. Click on **Credit** to create a write-off entry for the uncollectible amount.
4. Enter the reason for the write-off and click **Complete**.



**c. Review the impact of write-offs on the customer account and financial reports.**

- i. Check the customer's account balance to ensure it reflects the write-off accurately.
- ii. Analyze the impact of write-offs on financial statements to assess overall receivables performance.

**d. Adjust Financial Reports:**

- i. Ensure reports are updated to reflect write-offs and other adjustments by rerunning relevant reports post-adjustment.

The screenshot displays the SAP 'Create Receipt Write-off' transaction interface. On the left, a navigation pane shows the 'Write-off Receipts' menu. The main area is divided into 'Selection' and 'Parameters' sections. The 'Selection' section includes fields for Operating Unit (Vision Operations), Receipt Currency (USD), Unapplied Amount (50.00), Receipt Date (16-10-2024), and Customer Name (ABC Hardware Manufacturing). The 'Parameters' section includes Activity (Receipt Write-off), Apply Date (16-10-2024), and GL Date (16-10-2024). The 'Options' section has 'Create Write-off' selected. A 'Submit' button is located at the bottom right.

**Deliverables:**

- Successfully completed AR period close.
- Final AR financial reports generated and reviewed.
- Accounts reconciled with the General Ledger.
- Write-offs posted and reflected in reports.

**Finalization and Presentation:**

- Customer invoices created, adjustments applied, and Aging Report reviewed.
- Payments and receipts recorded, refunds processed, unapplied receipts managed.

- AR period closed, financial reports generated, accounts reconciled, and write-offs processed.

## **Enhancing Financial Reporting and Receipt Classification through Oracle Accounts Receivable: Case Study of Fawry Company**

**Project Title:** Improving Financial Reporting and Receipt Management Using Oracle Accounts Receivable for Fawry Company

### **1. Project Overview**

This project focuses on demonstrating the benefits of Oracle Accounts Receivable (AR) in streamlining financial reporting and improving receipt classification within Fawry Company, a leading electronic payment services provider in Egypt.

**Objective:** To show how Oracle AR enhances financial reporting accuracy, improves cash flow management, and strengthens customer and banking relationships by addressing key operational issues, such as invoice generation, payment management, and receipt classification.

**Scope of Work:**

- **Automated Invoice Generation:** Streamlining invoice creation from various services.
- **Efficient Payment Management:** Applying payments accurately and efficiently.
- **Real-time Aging Reports:** Generating reports to monitor overdue balances.
- **Receipt Reclassification:** Correcting misclassified payments and reconciling accounts.
- **Implementation of Automated Workflows:** Ensuring accuracy and preventing future misclassifications.
- **Training for Teams:** Educating finance and sales teams on proper receipt handling.
- **Enhanced Bank Reconciliation Processes:** Aligning bank and AR records.

## 2. Case Study: Fawry Company's Accounts Receivable Management

Fawry Company faced challenges in receipt management and financial reporting due to misclassified payments and outdated processes. By implementing Oracle Accounts Receivable, Fawry was able to resolve key issues and enhance overall financial management.

### Automated Invoice Generation

Oracle AR automates invoice generation from various services, reducing manual errors and ensuring prompt billing.

- **Sample:** Client ID C12345 is billed EGP 10,000 for electronic payment services, automatically generated from the system.

### Efficient Payment Management

With the Receipts Workbench, Fawry easily tracks and applies customer payments to invoices, improving cash flow.

- **Sample:** A payment of EGP 8,000 is applied to Client C12345 on September 30, 2024.

## Real-time Aging Reports

Oracle AR's Aging Report feature provides real-time insights into overdue accounts, allowing Fawry to stay on top of collections.

- **Sample:** Client C12345 has an outstanding balance of EGP 2,000, flagged as overdue.

## Integrated Receipt Reclassification

Fawry resolved misclassified payments by auditing and reclassifying incorrect entries within Oracle AR. This improved the accuracy of financial records and restored trust with customers and banks.

- **Sample:** After a thorough audit, EGP 5 million worth of receipts were accurately classified, resolving over EGP 3 million in unpaid invoices.

## Enhanced Bank Reconciliation

Daily reconciliation routines ensured that receipts marked as "cleared" in the AR module matched the actual bank transactions, minimizing discrepancies and fees.

- **Sample:** Bank reconciliation reveals that all transactions for Client C12345, amounting to EGP 2,000, are accurately reflected in both the AR and bank records.
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## 3. Key Benefits and Technologies Used

- **Oracle Accounts Receivable:** Provides automation for invoicing, payment application, and reconciliation processes, reducing manual entry errors and improving reporting accuracy.
- **Improved Cash Flow Management:** Fawry benefited from better cash flow visibility, allowing for more accurate financial planning and reducing payment delays.
- **Training and Communication:** Finance and sales teams were trained on Oracle AR to improve receipt classification and ensure proper handling of payments.

## 4. Conclusion

By leveraging Oracle Accounts Receivable, Fawry Company was able to streamline financial reporting processes, correct receipt misclassifications, and improve both customer relationships



and cash flow management. The implementation of automated workflows and enhanced reconciliation processes has positioned Fawry for sustainable growth, with accurate financial records and stronger banking partnerships.