# Accounts Receivable

**Core Business Process**

This module explains the outstanding invoices FC Platinum Holdings has, or the money it is owed from its clients. At FC Platinum Holdings, AR represents a line of credit extended by a company, due within a relatively short timeframe, which could range from days to a year. If for example FC Platinum Holdings has Receivables, then they’ve made a sale, but have not yet collected the money from the purchaser.  While the FC Platinum Holdings waits for its customers to pay their dues, the unpaid invoices are considered Accounts Receivable. The cost of sales on credit is what is referred to as [Accounts Receivable](http://finance.toolbox.com/blogs/montreal-financial/tips-on-managing-your-accounts-receivable-42717). At FC Platinum Holdings accounts receivable refers the money owed to the company by clients such as Mimosa Mining Company services rendered.

## Prerequisites

1. **Customer groups**

The accounts clerk must define a minimum of one customer group. This defines customer numbering options, aging rules and currency. Each customer must be associated with only one customer group.

1. **Charge codes**

They are used to define the kind of charge and how the charge is going to be debited or credited.

1. **Terms of payment**

Terms of payment is used to define how the due dates will be calculated. The setup for the Terms of payment is shared for Accounts receivable and Accounts payable. If you define it in module, it will be available in the other module also. For this task guide, I set up all the terms of payment under Accounts receivable.

1. **Methods of payment**

Payment Method is one of the essential configurations while creating new retail store.

## Customer Creation

### Prerequisites

Request to create a customer foe FC Platinum Holdings.

### Process Description

Once FC Platinum Holdings have identified a customer and agreed on the terms and conditions, the Accounting Officer create customer by capturing the following details:

**Registration Details**

|  |  |  |
| --- | --- | --- |
| **Column Name** | **Datatype** | **Length** |
| Customer Account | Varchar | 20 |
| Customer Group | Varchar | 20 |
| Customer Name | Varchar | 20 |
| Record Type | Varchar | 20 |
| Mode of Delivery | Varchar | 20 |
| Sales Tax Group | Varchar | 20 |
| Terms of Payment | Varchar | 20 |
| Delivery Terms | Varchar | 20 |
| Currency | Varchar | 20 |
| Customer Address | Varchar | 20 |



After the customer’s account have been created the then the account is maintained

### Actors

* Accounting Officer

### Workflow

* None Required

### Audit Trail

* Customer ID

## Sundry Invoicing

### Process Prerequisites

* Non-Labour Broking Invoices to be invoiced

### Process Description

Before an invoice is captured by the Accounting Officer – Revenue, the accounts receivable staff must ensure all Delivery notes reflects the correct quantities of goods delivered to the customers. Once verified the Delivery Notes are submitted to the Accounting Officer – Revenue. The Accounting Officer – Revenue raises an invoice against a Delivery note capturing the following details:

**Invoicing Details**

|  |  |  |
| --- | --- | --- |
| **Column Name** | **Datatype** | **Length** |
| Customer Account | Varchar | 20 |
| Invoice Account | Varchar | 20 |
| Invoice Date | Varchar | 20 |
| Invoice Currency | Varchar | 20 |

The Accounting Officer – Revenue then submit the invoice to the Cost Centre being invoiced. Sundry invoicing work on the following facilities:

* Gazebo
* Diverse
* Chivasa
* Sportswear
* Platinum Lounge
* Roland

….and to add more…



### Actors

* Accounting Officer
* Customer

### Workflow

* Customer Free text Invoice Workflow

### Audit Trail

* Invoice

## Labour Broking Invoicing

FC Platinum Holdings offers labor broking to Mimosa. Employees work in various cost centres and in return Mimosa pays FC Platinum for the Labor provided.

**Pre-Condition**

* Labour Broking

**Process Description**

The Accounting Officer receives the Summary sheet and captures the summary sheet into the Accounts Receivable

1. **Verification**

The process of verification includes checking the veracity of Cost Centers if the provided Cost Centers on the summary sheets are the same with the available Cost Centers. If the summary sheet is not correct the officer will then send it back to the HR Officer for correction. Upon verification success the Finance & Admin Officer will then calculate the summary sheet.

Verification columns:

* Cost Centres

1. **Calculation**

On Calculation the Officer will be computing variables like Normal Shift Hours, Night Shift Hours (\*10%), Underground +4(\*8\*5%), PPH Overtime @2%,StandBy Allowance @1, Planned Overtime @2, Planned Overtime @1.5, Callout @2.0,Callout @1.5, Full Rate, Allowance Rate to produce Amount in Transaction Currency.

As follows:

1. Night Shift Hours (\*10%) and Underground +4(\*8\*5%) are multiplied by Full Rate (2.85)
2. %), PPH Overtime @2%, Standby Allowance @1, Planned Overtime @2, Planned Overtime @1.5, Callout @2.0, Callout @1.5 are multiplied by Overtime Rate (1.78)
3. Part (i) and Part(ii) are then added to constitute Amount in Transaction Currency (Total Amount (ZWL)) or (Total Amount (US))
4. **Post**

And lastly the Officer will post the summary sheet. The Officer will then generate the summary sheet for each and every Cost Centre and attach them for payment by Mimosa Mining Company (Pvt) Ltd.

**Fields**

|  |  |  |
| --- | --- | --- |
| **Name** | **Type** | **Length** |
| Section | String | 25 |
| Cost Centre | String | 10 |
| Count | Integer | 10 |
| Mine Number | String | 10 |
| Surname | String | 25 |
| First name | String | 25 |
| Normal Shift Hours | Integer | 6 |
| Night Shift Hours (\*10%) | Double | 9,2 |
| Underground +4 (\*8\*5%) | Double | 9,2 |
| PPH Overtime @2.0 | Double | 9,2 |
| Standby Allowance @1 | Double | 9,2 |
| Planned Overtime @2.0 | Double | 9,2 |
| Planned Overtime @1.5 | Double | 9,2 |
| Callout @2.0 | Double | 9,2 |
| Callout @1.5 | Double | 9,2 |
| Grade | Integer | 6 |
| Full rate | Double | 9,2 |
| Overtime rate | Double | 9,2 |
| Amount (ZWL) | Double | 9,2 |



### Actors

* Accounting Officer
* HR Officer

### Workflow & Notification

* Accounting Officer verifying Summary Sheet

### Audit Trail

* Summary sheet ID
* Invoice ID

## Cash Receipts & Payments

### Pre-Condition

Receive Cash /Payments from Debtors

### Process Description



### Actors

* Accounting Officer

### Workflow

* Customer recurring workflow

### Audit Trail

* Payment to invoices

## Aging Analysis

### Precondition

1. **Vendor**

This is the supplier who supplies products ordered to FC Platinum.

1. **Invoice**

This is a document statement which reflects the balances FC Platinum owes its creditors.

### Process Description

The Accounting Officer runs an aging analysis report on the system and print it. He then reviews the report and analyses it and make decisions. The Accounting Officer can either Age by Invoice Date / document Date.

**Age by Posting date**

* Date the invoice was posted.

**Age by Document**

* Date on invoice document

**Aging Buckets**

|  |  |
| --- | --- |
| **Period (Days)** | **Description** |
| 0 – 30 | Current period |
| 31 – 60 | 60 days |
| 61 – 90 | 90 days |
| 91 – 120 | 120 days |
| Over 120 | 120+ days |



### Actors

* Accounting Officer

### Workflow

* None

### Audit Trail

* Aging report

## Monthly Procedure -Revaluation

### Precondition

1. **Invoice**

This is a statement which reflects the balances FC Platinum owed by its debtors.

1. **Foreign currency invoice**

The invoice has to be foreign for it to be revaluated.

1. **Date**

The day should be the last day of the month.

### Process Description

At the end of each month all foreign currency invoices are revaluated. The Accounting Officer - Finance load the current rate as of last day of the month then revalue debtor invoice balance the invoice with that rate. All foreign currency invoices should reflect the new revaluated balance owed Mimosa. When the payment is made later on, it is paid using the current prevailing rate of the day. The difference between the paid amount and the invoice amount is posted to the Profit/Loss account.



### Actors

* Accounting Officer - Finance

### Workflow

* None

### Audit Trail

* Current rate
* Payment and receipts