Oracle R12 E-Business Suite Implementation in Steel & Cement Divisions of ABUL KHAIR GROUP, Bangladesh

ENVISIONED END-STATE DOCUMENT

Accounts Receivables

v1.0

FINAL

IBCS-PRIMAX

Abul Khair Group

IBCS-PRIMAX

DOCUMENT RELEASE NOTICE	
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Introduction

Document Structure

This document covers the envisioned solution for the Accounts Receivable process of AKG through Oracle Applications. The document is organized in the following manner:

Section 1 covers the document structure along with a high-level overview of the Accounts Receivable and a brief description of the processes.

Section 2 covers the Envisioned Business processes. In this section, the key Business Scenarios are mapped to Accounts Receivable functionality.

Section 3 covers Open / Closed Issues responses.

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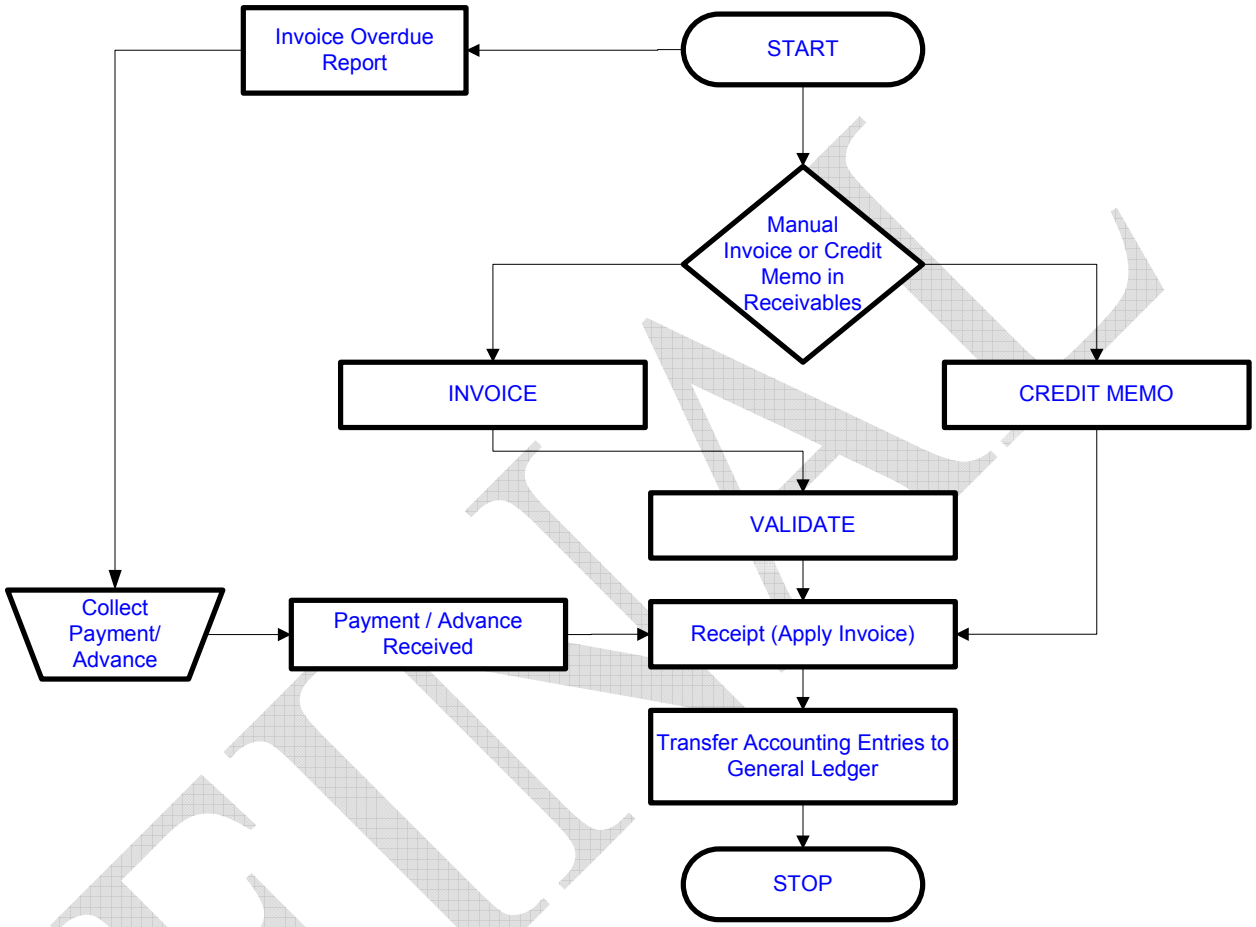
Envisioned Account Receivable Overview

Accounts Receivable Process Overview

Process Map



Accounts Receivable Process Overview (Text)

- "Oracle Receivables" is an invoicing and collections management application. It automates the invoice processing and also provides features that automatically process cash and other receipts sent to a bank.
- Import invoices from Order Management module in the AR module. Invoice Overview Report is generated – Customer-wise. This can be utilized for collection from customers. Payment is received and entered in Oracle Receivables (this also includes advance). This payment is applied against the relevant invoices.
- Invoice and receipts are interfaced to Oracle General Ledger for accounting.

Accounting (If any)

SL	PARTICULARS	DEBIT	CREDIT	REMARKS
1.	Invoicing	Sundry Debtors	Revenue A/c	

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2.	Credit Memo	Revenue A/c	Sundry Debtors	

Process Improvements	
Problems Addressed:	**Applications Features Leveraged** • Integration with Order Management for Invoicing. • Automated generation of Accounting Lines in General Ledger
Gaps as Identified in Oracle	**Suggested Resolution In Oracle**
Best Practices Introduced • Regular review of invoice queries and credit notes • Constant monitoring of debtor days, daily collection, ageing of debt • All transactions completed before period closed • Management reports ensure that all records are posted to GL so that Sub ledger and GL data is in sync. • Daily posting to GLmanual provision of liabilities.	**Other Enablers Proposed**

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Envisioned Business Processes

Key Business Scenarios

SL.	BUSINESS SCENARIOS	DESCRIPTION
1.	Debit Memo	
2.	Credit Memo	
3.	Advances/Deposits	Advances/Deposits
5.	Scrap Sale, Miscellaneous Receipt	Scrap Sale, Miscellaneous Receipt
6.	Receipts	
7.	Collections	
8.	Month End closing	
9.	Reporting	Reporting

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Debit Memo

Process Overview

- Debit memo are like invoices, but they are usually created for additional charges
- Enter in the same manner as invoices with a class of Debit Memo
- For a regular debit memo, Auto-Accounting creates both the revenue and receivable accounts.
- Receivable account will default from the Customer site.

Accounting (If any)

SL	PARTICULARS	DEBIT	CREDIT	REMARKS
1.	Enter invoice	Sundry Debtors	Revenue	
2.	Finance charges (If any)	Sundry Debtors	Finance charges	

Process Improvements

Problems Addressed:	**Applications Features Leveraged**
Gaps as Identified in Oracle	**Suggested Resolution In Oracle**
Forward Looking Practices Introduced	**Other Enablers Proposed**

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Credit Memo

Process Overview (Text)

- Credit memos are issued by authorized personnel to fully/partly reverse an invoice due to any reason (discount credit, dispute, penalty etc.).
- These types of Credit Notes will be entered in the system by authorized personnel and matched off against the appropriate invoice of the customer.
- Here the Revenue account will be reversed

Accounting (If any)

SL	PARTICULARS	DEBIT	CREDIT	REMARKS
1.	Credit Note – Applied to an Invoice	Revenue/Penalty	Sundry Debtors	

Process Improvements

Problems Addressed:	**Applications Features Leveraged**
Gaps as Identified in Oracle	**Suggested Resolution In Oracle**
Forward Looking Practices Introduced	**Other Enablers Proposed**

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Advances/Deposits

Process Overview (Text)

Description

- Advances are received in case of Sale of Cement and Steel from the customers which can be categorized
  - Regular Customer
  - Institutional Customers (e g. Government Institutional Sale).
- Advance/Deposit will be created in Oracle Receivables.
- Deposit can be used to record a contractual agreement to prepay a certain amount for a specific item or services
- A deposit is often applied to the purchases of specific item or services to be provided
- Invoice can be applied against those Advances.

Accounting (If any)

SL	PARTICULARS	DEBIT	CREDIT	REMARKS
1.	Deposit	Sundry Debtors (Deposit)	Unearned Revenue A/c (Offset Account)	
2.	Enter invoice	Sundry Debtors (Invoice)	Revenue	
3.	Cash received against the deposit	Bank	Sundry Debtors (Deposit)	
4.	Apply Invoice against the deposit	Unearned Revenue A/c (Offset Account)	Sundry Debtors (Invoice)	

Process Improvements

Problems Addressed:	**Applications Features Leveraged**
Gaps as Identified in Oracle	**Suggested Resolution In Oracle**
Forward Looking Practices Introduced • Apply the advance against the actual invoice	**Other Enablers Proposed**

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Scrap sales & Miscellaneous Income

Process Overview (Text)

Description

- Scrap Sale of spares and consumable is an activity that is performed sometime. For scrap sales, an Invoice will be raised (if invoice needs to be given to customer). Cash would be received against this invoice and a receipt will be given to the customer. Otherwise this has to be entered as Miscellaneous Receipt without any customer information. Miscellaneous Receipt should be used only when will customer reference is not required.
- For Miscellaneous Income (such as Interest Income, wastages related FA) will also be handled using Miscellaneous Receipt without any customer information. Then it will be transferred to Oracle General Ledger for Accounting.

Accounting (If any)

SL	PARTICULARS	DEBIT	CREDIT	REMARKS
1.	Invoicing for sale of Spares items	Sundry Debtors	Miscellaneous Revenue	
2.	Collection for sale of Spares Items	Bank	Sundry Debtors	
3.	Other miscellaneous sale receipt	Bank	Miscellaneous Revenue	

Process Improvements

Problems Addressed:	**Applications Features Leveraged**
Gaps as Identified in Oracle	**Suggested Resolution In Oracle**
Forward Looking Practices Introduced	**Other Enablers Proposed**

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Receipts

Process Overview (Text)

- Receipt will happen in Oracle receivable.
- Standard Receipt will be applied against the related invoice for that customer.
- In situations where the receipt cannot be applied against an invoice it will be On Account.
- The on-account amount can be applied against a future invoice.
- Customer Cheque Number will be entered in the receipt number column manually for facilitating Bank Reconciliation through Oracle Cash Management
- Non–invoice related transactions such as revenue earned on investment, interest income, refunds and stock sales are known as miscellaneous receipts in Receivables. By using the Receipts or Receipts Summary window, enter miscellaneous receipts
- Miscellaneous receipt accounting will happen based on receivable activity. Receivable Debits the Receivable activity account and credits the receivable account.
- Advances will be treated as a on-Account receipt and later can be applied to related customer invoices.
- Interest income from other company will be recorded through miscellaneous receipt
- Receipt can be Reversed due to some reasons and reapplied to related invoices: -
    - Stopped payment by customer
    - Insufficient funds
    - Data entry errors
- Receipt reversals can be create two types: -
    - Standard reversal
    - Debit memo reversal

Accounting (If any)

SL	PARTICULARS	DEBIT	CREDIT	REMARKS
1.	Receipt – Applied	Bank	Sundry Debtors	
2.	Receipt – Unidentified / Unapplied / On Account	Bank	On Account	
3.	Subsequent Application	On Account	Sundry Debtors	

Process Improvements

Problems Addressed:	**Applications Features Leveraged**
Gaps as Identified in Oracle	**Suggested Resolution In Oracle**

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AR Closing Process

Process Overview (Text)

- **Run Incomplete Invoices Report** :
  To identify outstanding invoices and complete Invoice Transactions, Credit memos and Debit Memos.
- **Run Journal Entries Report**:-
  Run the Journal Entries Report and review it for any unusual accounts.
  Correct accounts as needed
- **Run General Ledger Interface:-**
  - Run the GL Interface program to transfer completed Invoice, receipt, adjustments, credit memos, deposit, debit memos to the General Ledger:
  - Enter current period start and end dates.
  - View the Journal Import report to ensure Status = SUCCESS
- **Run AR Reconciliation Report**: - For reconciling receivables for the Month.
- **Open/Close Periods**:-
  - Find the current Period, set Status = Closed
  - Find the next Period, set Status = Open
- **Notify GL:** - Notify GL Accountant that Receivables Close is complete and reconciled

Volume of Transaction for this process	
Frequency of occurrence of this process	

Accounting (If any)

SL	PARTICULARS	DEBIT	CREDIT	REMARKS

Process Improvements

Problems Addressed:	**Applications Features Leveraged**
Gaps as Identified in Oracle	**Suggested Resolution In Oracle**
Best Practices Introduced	**Other Enablers Proposed**

Customizations suggested (if any)

SL	PARTICULARS	TYPE	LEVELS OF CUSTOMIZATION
1			

Interfaces, if any (Only custom interfaces)

SL	PARTICULARS	SYSTEM	BUSINESS LOG

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List of Seeded Accounts Receivable Reports

S.No	Name of Report	Remarks
1	Recurring Invoice Program Report	To view the new, copied invoices that are created in the Copy Transactions window
2	Auto Invoice Reports	To review number of revenue and credit transactions are selected, accepted, and rejected for each currency
3	Invoice Print Preview Report:	To preview transactions for a batch of invoices, new invoices, or specific invoices.
4	Revenue Recognition Program Execution Report	To review all revenue distributions created for invoices that use invoice and accounting rules
5	Cross Currency Exchange Gain/Loss Report	To review detailed information about your cross currency settlements.
6	Automatic Receipts and Remittances Execution Report	To review the number and amount of automatic receipts and remittances you have created, approved, or formatted.
7	Journal Entries report	Journal Entries report
8	Account Analysis report	Account Analysis report
9	Third Party Balances report	Third Party Balances report
10	Sub ledger Period Close Exceptions report	Sub ledger Period Close Exceptions report
11	Open Account Balances Listing	Open Account Balances Listing
12	Account Status Report	Account Status Report
13.	Actual Receipt Report	To reconcile receipts as well as determine how to apply and reapply receipts to multiple invoices.
14.	Adjustment Approval Report	To see your transaction adjustments with information about their status, creator, reasons, GL date and amount
15.	Aging Reports	To review information about outstanding receivables as of a specific date.
16.	AR Reconciliation Report	To review the status of your receivables by comparing transactional data against accounting data
17.	AR to GL Reconciliation Report	Compares the account balances in Oracle Receivables to those in Oracle General Ledger, and highlights journal sources where discrepancies might exist.
18.	Automatic Receipts Awaiting Confirmation Report	To review all automatic receipts awaiting confirmation
19.	Bad Debt Provision Report	To review your bad debt exposure
20.	Billing History Report	To review a summarized history of transactions that affect your customer's invoices, commitments, debit memos, chargeback's, and on-account credits.
21.	Incomplete Invoices Report	To review all of your incomplete invoices, debit memos, credit memos, and on-account credits
22.	Recurring Invoice Program Report	To view the new, copied invoices that are created in the Copy Transactions window
23.	Auto Invoice Reports	To review number of revenue and credit transactions are

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S.No	Name of Report	Remarks
		selected, accepted, and rejected for each currency
24.	Invoice Print Preview Report:	To preview transactions for a batch of invoices, new invoices, or specific invoices.
25.	Revenue Recognition Program Execution Report	To review all revenue distributions created for invoices that use invoice and accounting rules
26.	Cross Currency Exchange Gain/Loss Report	To review detailed information about your cross currency settlements.
27.	Automatic Receipts and Remittances Execution Report	To review the number and amount of automatic receipts and remittances you have created, approved, or formatted.
28.	Journal Entries report	Journal Entries report
29.	Account Analysis report	Account Analysis report
30.	Third Party Balances report	Third Party Balances report
31.	Sub ledger Period Close Exceptions report	Sub ledger Period Close Exceptions report
32.	Open Account Balances Listing	Open Account Balances Listing
33.	Account Status Report	Account Status Report
34.	Actual Receipt Report	To reconcile receipts as well as determine how to apply and reapply receipts to multiple invoices.
35.	Adjustment Approval Report	To see your transaction adjustments with information about their status, creator, reasons, GL date and amount
36.	Aging Reports	To review information about outstanding receivables as of a specific date.
37.	AR Reconciliation Report	To review the status of your receivables by comparing transactional data against accounting data
38.	AR to GL Reconciliation Report	Compares the account balances in Oracle Receivables to those in Oracle General Ledger, and highlights journal sources where discrepancies might exist.
39.	Automatic Receipts Awaiting Confirmation Report	To review all automatic receipts awaiting confirmation
40	Bad Debt Provision Report	To review your bad debt exposure
41.	Billing History Report	To review a summarized history of transactions that affect your customer's invoices, commitments, debit memos, chargeback's, and on-account credits.
42.	Incomplete Invoices Report	To review all of your incomplete invoices, debit memos, credit memos, and on-account credits

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OPEN AND CLOSED ISSUES

No	Open Issues	Response

ANNEXURE I

List of Customized Reports Identified

S. No	Name	Description
1.		

ANNEXURE II

Legend for Process Maps

	Terminator to denote Start and End of a process
	Oracle or Oracle Assisted Process
	Manual Process
	Decision Point
	Process external to Oracle or Oracle assisted process
	Connector within the same process.
	Customized process

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