



Sales Ledger 03  
807





## **SL03      Sales Ledger – Credit Control**

### **Course Overview**

The Sales Ledger module allows the user to view and manage customer accounts and transactions and perform debt management.

In this, the third Sales Ledger Training course we will concentrate on credit control and debt management.

### **Course Objectives**

After completing this session you will be competent at the following K8 Sales Ledger processes:-

- Problem recording
- Statements
- Credit Chasing – Incl. Letter Generation
- Credit Checking

### **Who should attend the course?**

- Staff who require an advanced knowledge of Credit Control

### **Dependencies**

- K801 – K8 Introduction
- SL01 – Sales Ledger Foundation
- SL02 – Sales Ledger Advanced

### **Duration**

1/2 day



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# Credit Control

## Statements

- Sales Ledger
  - Print Statements

When entering the Print Statements option you are presented with the screen below:

The screenshot shows the 'Print Statement' window with the following fields and options:

- Run code: [Empty]
- Run date: 19/08/2005
- Description: [Empty]
- Run Details:
  - Run type: Print
  - Statement sequence: A
  - Transaction sequence: T
  - Ageing date: T
  - Cut-off date: //
  - Printer: MAIN
  - Standard message: [Empty]
  - Overdue message: [Empty]
  - Print override: [Checked]
  - Print consolidated statements: [Unchecked]
  - Include archive: [Unchecked]
  - Update accounts: [Checked]

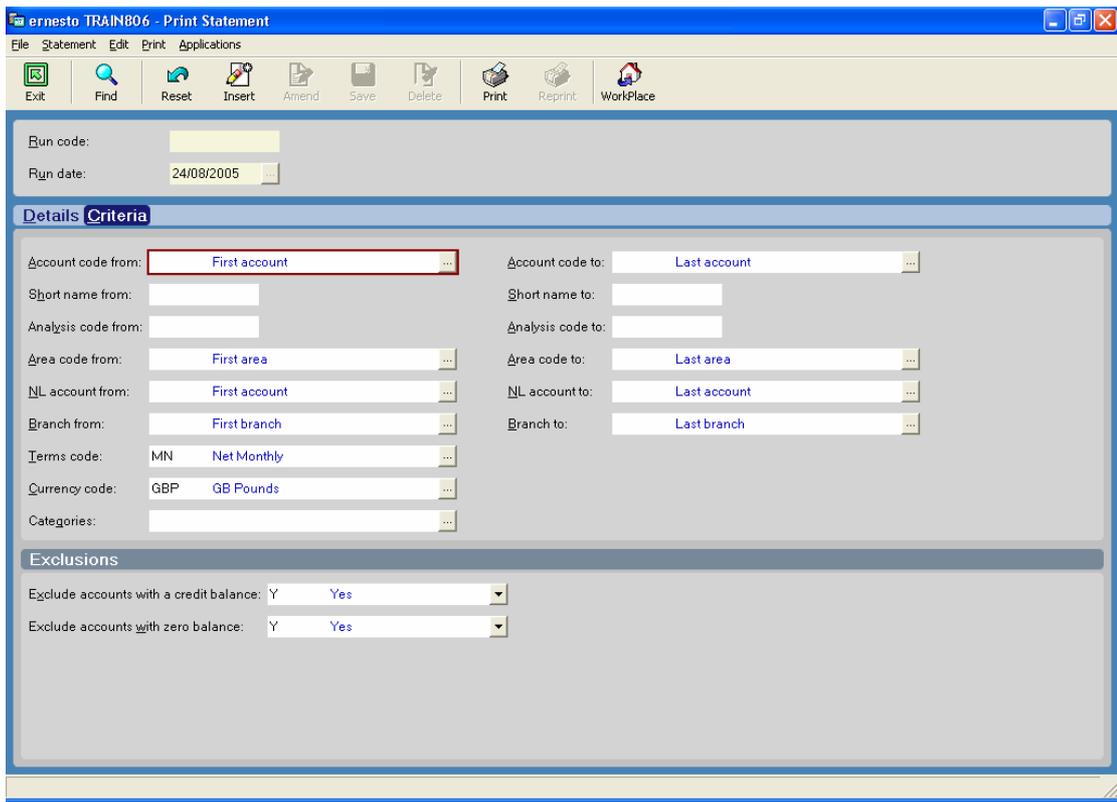
- **Run Code** – Used to save statement criteria, discussed later
- **Run Date** – Used if overnight processing is to generate statements, discussed later
- **Description** – Used in conjunction with the two previous fields.

### Details Tab

- **Run Type** – Determines the output of the statements as defined in the 'Transmission method' field on the sales ledger account header. Can be set to print, fax or e-mail and each method must be run independently of each other. The fax and e-mail options use the details contained in the sales ledger account header and is only available if the Kfax system has been purchased.

- **Statement Sequence** – This is the sequence in which the statements will be outputted. Can be set to Account code, Short name or Analysis code.
- **Transaction Sequence** – This is the sequence in which the transactions will be listed on the statement. Options available are Taxpoint date, Due date, Posting date or Document number.
- **Ageing Date** – This field determines how the documents are aged on the statement. The available options are taxpoint/document date or due date.
- **Cut-off Date** – Documents are selected with a nominal posting date up to the cut-off date entered. Left blank will include all transactions.
- **Printer** – Select the printer to which you wish to print the statements.
- **Standard Message** – Text entered here will appear at base of statement provided no overdue invoices exist on the account.
- **Overdue Message** – Text entered here will overwrite the text in the standard message box if overdue invoices exist on the account.
- **Print Consolidated Statements** – If there are statement accounts set up then tick this box to print these.
- **Update Accounts** – By ticking this, once a statement has been printed, it updates the account header on the credit control tab with a flag that yes it has been printed and the date it was printed on.

## Criteria Tab



ernesto TRAIN806 - Print Statement

File Statement Edit Print Applications

Exit Find Reset Insert Amend Save Delete Print Reprint WorkPlace

Run code:

Run date: 24/08/2005

Details Criteria

Account code from: First account

Account code to: Last account

Short name from:

Short name to:

Analysis code from:

Analysis code to:

Area code from: First area

Area code to: Last area

NL account from: First account

NL account to: Last account

Branch from: First branch

Branch to: Last branch

Terms code: MN Net Monthly

Currency code: GBP GB Pounds

Categories:

Exclusions

Exclude accounts with a credit balance: Y Yes

Exclude accounts with zero balance: Y Yes

The criteria tab is used to select the accounts you wish to generate statements for. Various ranges exist, such as range of account numbers, branches etc.

Also towards the bottom is an exclusions section where you have the option to exclude statements if they have a zero or credit balance on the account.

## **Saving Statement Criteria**

This can be done by using the Run Code and Run Date options mentioned earlier.

Different run codes can be set up that have certain criteria. For example, you could have a separate run code for each run type (print, fax, email) or for accounts that have different credit terms.

To create a new run code click the 'Insert' button at the top of the screen. You can then type in a code in the run code box and give it a description. Change the details and criteria screens as required and then click the 'Save' button. To generate a statement run that has been set in a run code, click the 'Open' button and select the correct one from a list.

It is also possible to set statements to be generated during the overnight processing. To do this, when creating a run code, enter a date in the 'Run Date' box. This will then trigger the overnight process to generate statements on that date. (If setting faxed statements be advised that this may send a fax to someone's private fax machine in the early hours.)

## Credit Chase Options

The Credit Chase Options menu within the Sales Ledger is a means of producing letters to send to customers and updating their account's in terms of their credit status.

There are four options within the Credit Chase Options menu, each of which will be discussed in turn.

### Credit Chase Letters:

- Sales Ledger
  - Credit Chase Options
    - Credit Chase Letters

This option is where reports are run and letters produced.

The options available in this menu will depend upon what is set up within the Credit Chase Parameters option (discussed later).

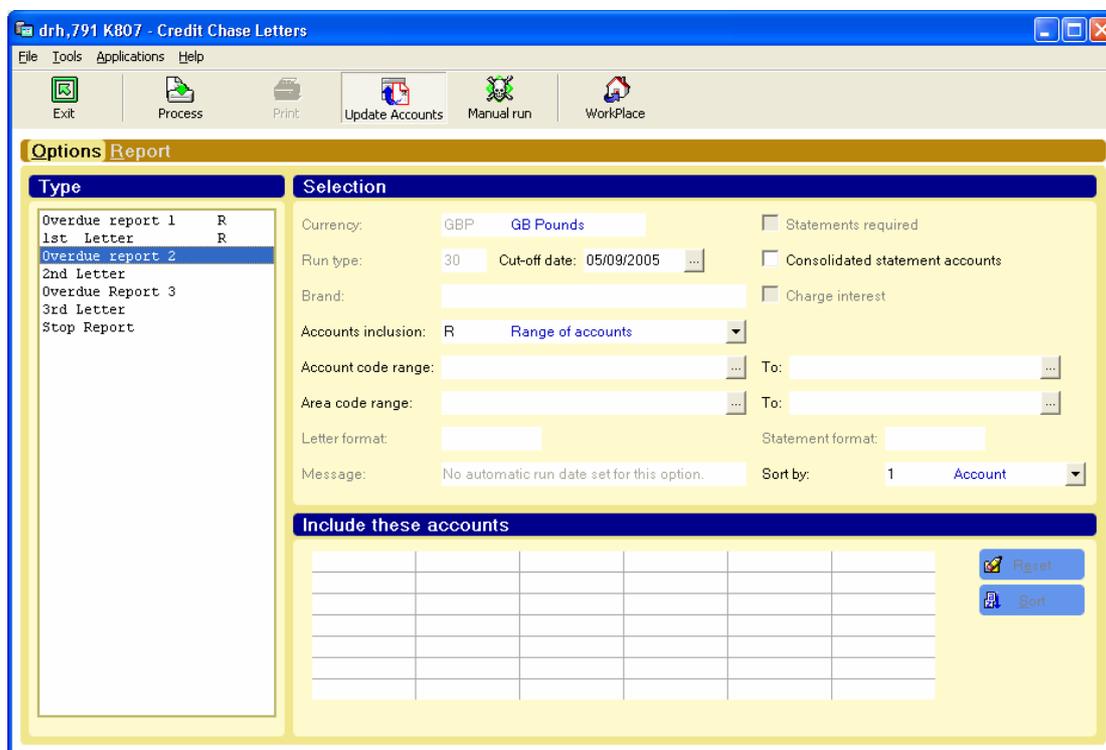
The screen displayed upon entering this option will look similar to what is displayed below:

Type	Selection
Overdue report 1	Currency: GBP GB Pounds
1st Letter	Run type: 10
Overdue report 2	Cut-off date: 05/09/2005
2nd Letter	Brand: [empty]
Overdue report 3	Accounts inclusion: R Range of accounts
3rd Letter	Account code range: [empty] To: [empty]
Stop Report	Area code range: [empty] To: [empty]
	Letter format: [empty]
	Statement format: [empty]
	Message: No automatic run date set for this option.
	Sort by: 1 Account
	<input type="checkbox"/> Statements required
	<input type="checkbox"/> Consolidated statement accounts
	<input type="checkbox"/> Charge interest
	Include these accounts
	<input type="button" value="Reset"/>
	<input type="button" value="Sort"/>

The box on the left hand side of the screen lists the options available.

This shows a standard setup of three reports which will list or update the accounts that are to have letters printed, three letters which can be tailored to your requirements and a stop report which will put the customers who still haven't paid, despite the previous letters, on stop.

The reports and letters should be run in the order that they appear in the list and form part of a monthly cycle. Once each option has been run in the month, a letter 'R' is shown next to each item, as below:



You have the option in the 'Selection' box to the right of the screen to specify a cut off date for transactions, whether you wish to include statement accounts in the process and also the option to include / exclude a range of accounts or individual accounts.

Along the top of the screen are a range of buttons which control what happens once the reports or letters are printed. When printing the reports it is recommended to have the 'Update Accounts' button not ticked on the first occasion and the 'Manual run' button ticked. This will then only print out the reports and not update the accounts as per the Credit Chase Parameters (discussed later). Once you are happy with the customers involved, tick the 'Update Accounts' button and run the report again.

After the first report and letter have been run, move onto the second report and letter. Once a customer clears any outstanding balance, they will be excluded from the credit chase cycle.

This cycle should be continued down the line until you reach the 'Stop report'. This is the final step and will place any customers on stop who have not yet paid.

## Credit Chase Parameters:

- Sales Ledger
  - Credit Chase Options
    - Credit Chase Parameters

The credit chase parameters determine what options are seen when entering the Credit Chase Letters option. There needs to be a separate parameter set up for each report or letter which is run. It is the parameter for each which determines how each sales ledger account is updated.

Above is an example of a Credit Chase Parameter and is for the 1<sup>st</sup> Letter.

The top section of the screen '**Selection**' determines which accounts the option will select and includes the following:

- **Name** – This is the description as seen when in the credit chase letters option.
- **Set stop flag to:** - This will set the 'Credit Status' field on the financial page of the sales ledger account header to what is displayed here.
- **Reciprocal trading** – There is the option to run this option for reciprocal trading accounts or whether to include or exclude them
- **Valid letter codes** - This looks at the 'Letter Code' field on the credit control page of the sales ledger account header. It is this field on the account header where it is possible to always allow letter, never receive letters or not to receive letters this month.

- **DL status from** – This field looks again at the sales ledger account header to the 'Debt letter status' field on the credit control page. The only accounts that will be selected will be those accounts with the status detailed here.
- **Set DL status to** – The 'Debt letter status' field described above will be updated to the status detailed here once the letter or report has been run.

The next section '**Formats**' determines which letter format is produced. These fields are only relevant for letters and not reports. The standard Kerridge letter formats will be used unless specific reports are required.

The next section is '**Parameters**' and includes the following:

- **Auto date** – This is used if you wish for either reports or letters to be automatically generated on a certain day of the month. This date will however need changing at the beginning of each month for this function to operate.
- **Minimum o/due amount** – Set this field if you only want to chase overdue amounts above a certain limit. The process will ignore any balance less than the amount detailed here.
- **Currency** – Will only look at accounts with the currency detailed here.
- **Status** – This tells you whether the report or letter has been run this month. Once the option has been run the box will display an 'R' otherwise blank.
- **Cut off date** – Include documents up to this date

The final section is '**Interest Charges**' and is used if interest is charged to overdue amounts.

Once these fields have been completed, click 'Save' button at the top of the screen.

### **Credit Chase Cleardown**

- Sales Ledger
  - Credit Chase Options
    - Credit Chase Cleardown

This option should be run at month end after all reports and letters have been run during the month.

The purpose of this is to reset the 'Debt letter status' on the credit control page of the sales ledger account header. This will reset the status to 'Not Overdue' so that the cycle can be carried out for the next month. It will however ignore any accounts which have a debt letter status of 'S' – Stop. Any accounts that are subsequently settled after this option has been run will need to have this field reset manually.

## Reset Credit Chase Parameters

- Sales Ledger
  - Credit Chase Options
    - Reset Credit Chase Parameters

As with the Credit Chase Cleardown option, this should also be run at the end of the month once all reports and letters have been produced. This option resets two fields in each of the Credit Chase Parameters.

The first is the 'Status' field and is reset to 'Blank' – not run.

The second is the 'Auto date' field and is reset to 'Blank'. This will then need to be changed if the letters / reports are to be run on a specific day in the present month.

**Once all of the above options have been run the cycle can be started again from the first report onwards.**



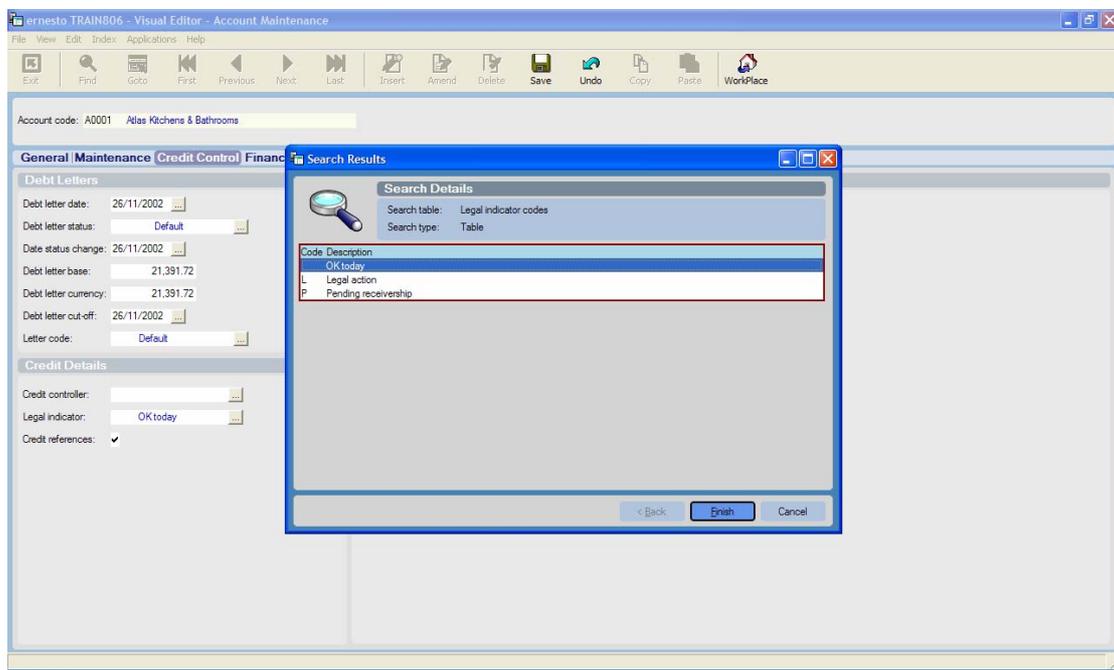
## Legal Maintenance

The Legal Maintenance functionality is used to manage customer accounts being pursued through the courts in order to recover the debt.

An account becomes “Legal” when the Legal Indicator field is set to anything other than “OK Today”. This is done on the Credit Control tab within the Account Maintenance screen.

- Sales Ledger
  - Account Maintenance

Enter the account number you wish to amend, click on Amend, go to the Credit Control tab and choose the appropriate indicator from the drop down list.



This action flags the record for creation in the legal file, this is done by running the update option.

- Sales Ledger
  - Legal Maintenance
    - Create Records from Accounts

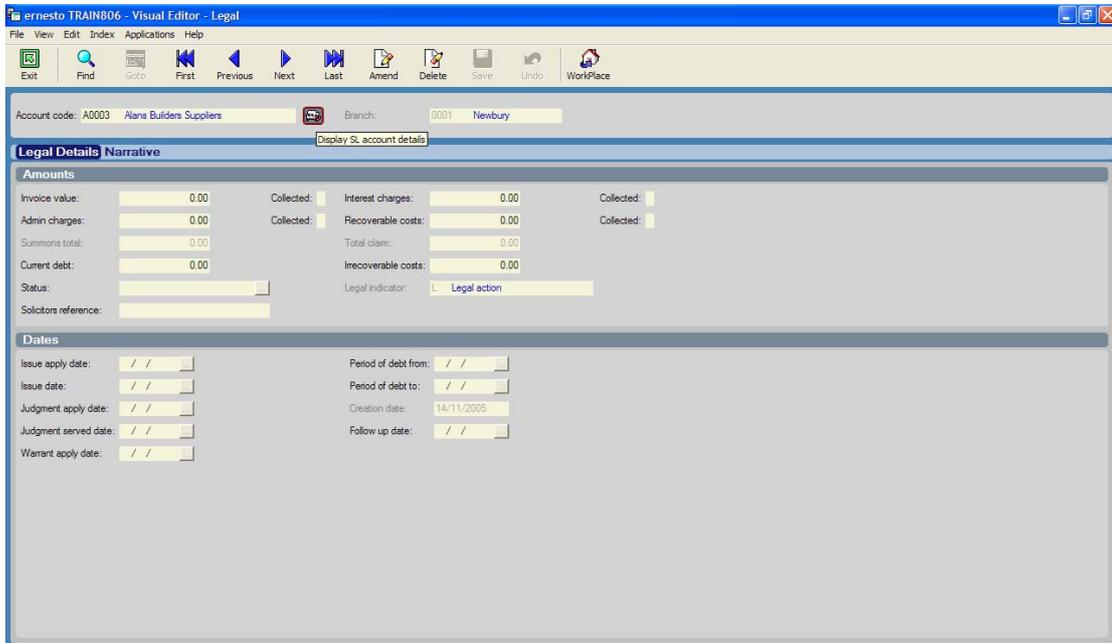


Click on OK to create the records.

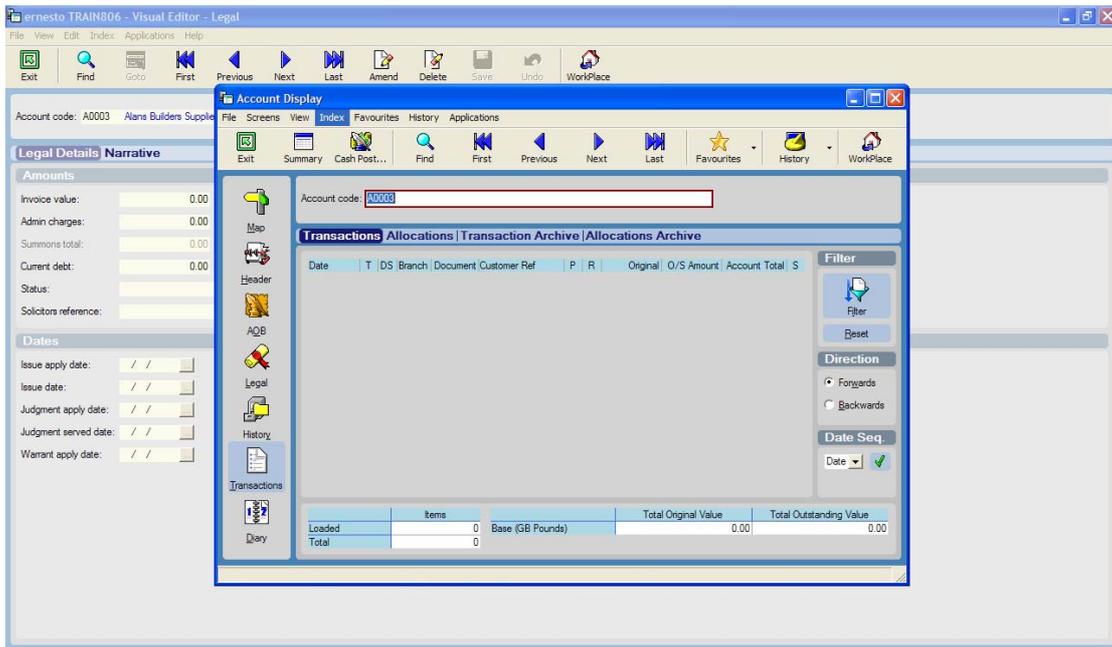
This can be done as and when required or can be scheduled to be run as part of the overnight process.

Once the record has been created the managing of the Legal record is done within the Edit Legal Records option.

- Sales Ledger
  - Legal Maintenance
    - Edit Legal Record



You can access the Account Display screen for this account by clicking on the icon at the end of the account name field.



The Current Debt field is populated automatically with the amount outstanding on the account. The date the record was created is also recorded.

Click on Amend to enter the details.

Record the value of the Invoice you are pursuing plus any Admin charges you wish to add. A total will appear in the Summons Total field. You can also enter the amount of interest you wish to add and any recoverable costs, these are then added to the Total Claim field. At this point you can also enter any irrecoverable cost for information purposes.

Next to each of these value fields there is a tick box where you can record when these have been collected.

The fields in the Dates section of the screen are used to record the date of Judgement etc.

Click on the Narrative tab to enter free text relating to this legal transaction.

Click on Save to save the data.

The Legal history details can now be seen in Account Display by using right mouse and clicking on Details.

## Credit Checking

Each sales order raised is checked to ensure that there is sufficient credit available.

Each customer has a credit limit assigned on the sales ledger account as below.

- Sales Ledger
  - Account Maintenance

Account code: A0012 Airflow Plumbers

General | Maintenance | Credit Control | **Financial** | Payment | Related Accounts

	Base currency	Currency
Total outstanding	0.00	0.00
Buffered documents	0.00	0.00

Outstanding items: 0

Unposted cash allocations: 0

Last payment amount: 3,172.50

Last payment date: 18/08/2005

Periods unused: 0

Credit check level: Invoice

Credit limit: 12500

Credit review date: / /

Credit Status: Normal

Insurance credit limit: 0

Insurance last review: / /

Insurance next review: / /

Turnover	Base currency		Currency	
	Goods amount	VAT amount	Goods amount	VAT amount
Period to date	0.00	0.00	0.00	0.00
Next period	2,700.00	472.50	2,700.00	472.50
Year to date	32,098.12	0.00	0.00	0.00
Lastyear	0.00	0.00	0.00	0.00

This figure is the maximum potential credit that each customer is entitled to.

When a new sales order is created within the Sales Order Processing module, the system performs a check to ensure that there is enough credit available for this order to be placed.

The amount of available credit is calculated as the credit limit less the balance on the account, less committed debt, less potential debt, less any transactions in the invoice buffer.

It is however possible for an order to be passed even if it exceeds the available credit. The credit status of the account, as shown above determines whether or not the limit may be overridden.

The standard list of credit statuses are as follows:

- C – Credit Stopped
- N – Normal

- R – Refer to Credit Control

The settings for each of these are found following the link below:

- Central Master Files
  - Customer File
    - Miscellaneous & Pricing Menu
      - Credit Status Levels

Credit status: N

**Details**

Description: Normal

Credit limit: 2,000.00

Less %: 10.00

Over %: 2.00

Override priority: 6

MANUAL override: 8

Severity icon:

The screen above shows an example of the settings for the normal status. What this screen shows is a credit limit on which overrides are based and a percentage override. In this example, if a credit limit is set less than £2000 then it will be possible to override this by up to 10% and if the credit limit is set above £2000 then it will be possible to override this by up to 2%.

Credit status: C

**Details**

Description: Credit Stopped

Credit limit: 0.00

Less %: 0.00

Over %: 0.00

Override priority: S

MANUAL override: N

Severity icon:

The screen above shows the credit stopped status. This status will apply a total block on any new orders being raised and any existing orders being released. To release any existing orders the credit status flag will need to be amended.

Credit status: R

**Details**

Description: Refer to Credit Control

Credit limit: 2,000.00

Less %: 10.00

Over %: 5.00

Override priority: R

MANUAL override: N

Severity icon:

The screen above shows credit status R – all orders raised on accounts with this status will be referred to the credit control office for authorisation.

On each setting there is an override priority and a manual override.

Override priority defines the permission level within SOP that the user must have to apply the additional %age.

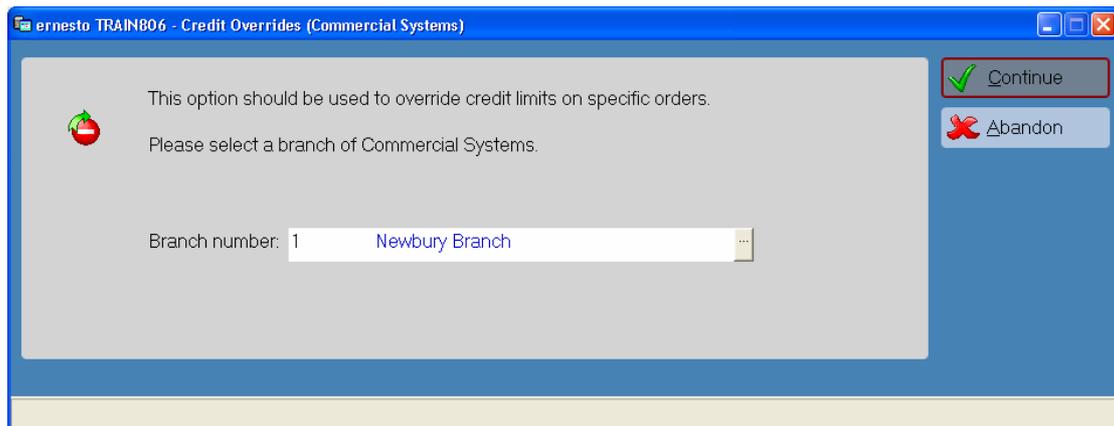
Manual override defines the permission level within SOP that the user must have to override the additional %age.

## Credit Limit Overrides

If the SOP operator has to suspend a sales order because of insufficient priority to override and no other SOP operators have the sufficient priority then it may become the responsibility of the credit control department to override.

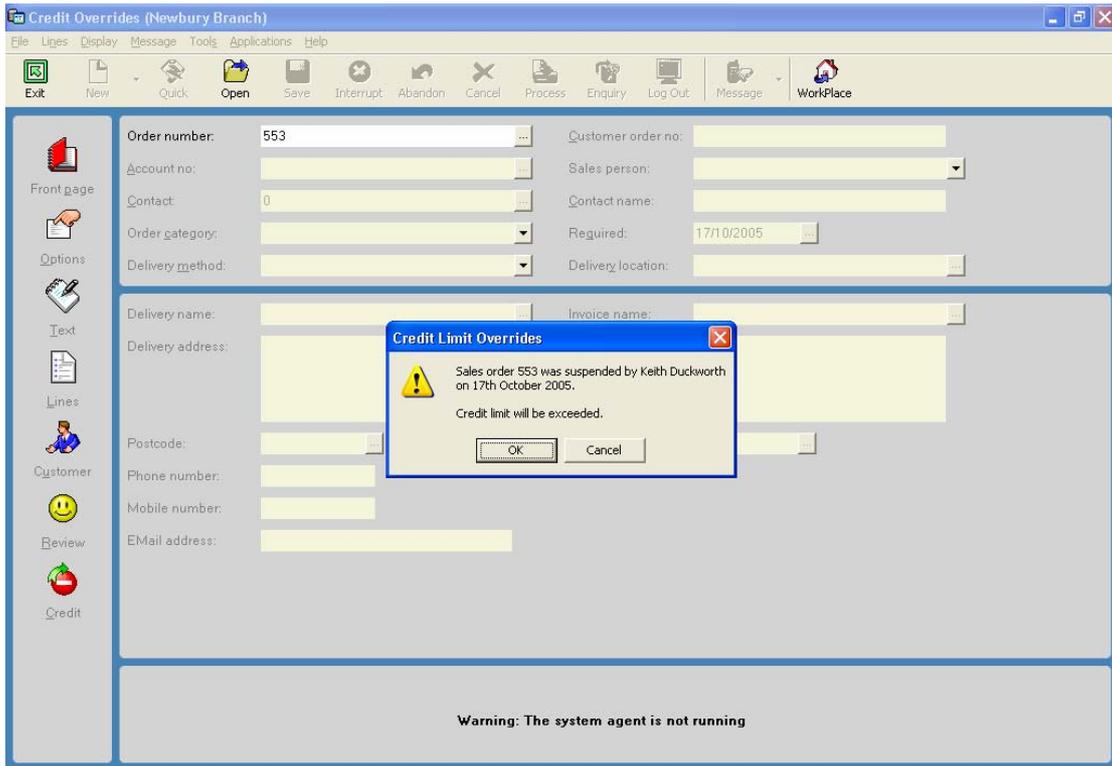
This option is found by following the link below:

- Shared Centre / Branches
  - Credit limit overrides

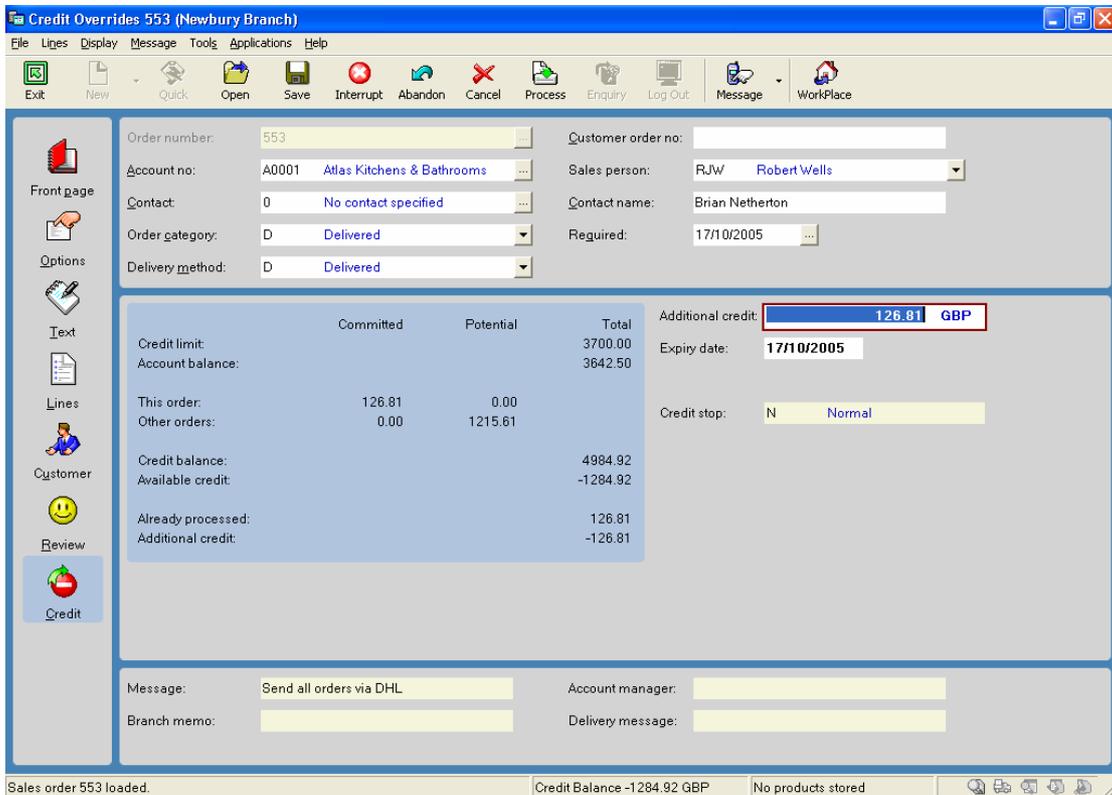


The first screen asks you to select the branch for which you wish to perform the override facility.

By clicking continue, this then takes you into the SOP screen, where you will need to insert the number of the order you wish to apply the override to.



You are then told when the order was suspended, by which user and informs you that the credit limit will be exceeded. Click OK. This then takes you to the screen below:



This screen details the credit limit, account balance, value for this order and potential debt from other orders.

On the right hand side of the screen, complete the box for additional credit and click save.

**Atlas Kitchens & Bathrooms**

Action:

Account no: A0001 Atlas Kitchens & Bathrooms Delivery name: Atlas Kitchens & Bathrooms

Order category: D Delivered Address: QPB Group Headquarters  
Oakley Road  
Watford  
Herts

Delivery method: D Delivered

Customer order no:

Contact name: Brian Netherton Postcode: WA23 1BY

Phone number: 01923 846632

Mobile number:

Remote delivery:

Date required: 17/10/2005

Account manager:	<input type="text"/>	Goods value:	107.92 GBP
Message:	Send all orders via DHL	Carriage:	0.00 GBP
Branch memo:	<input type="text"/>	VAT:	18.89 GBP
	<input type="text"/>	<b>Total:</b>	<b>126.81 GBP</b>

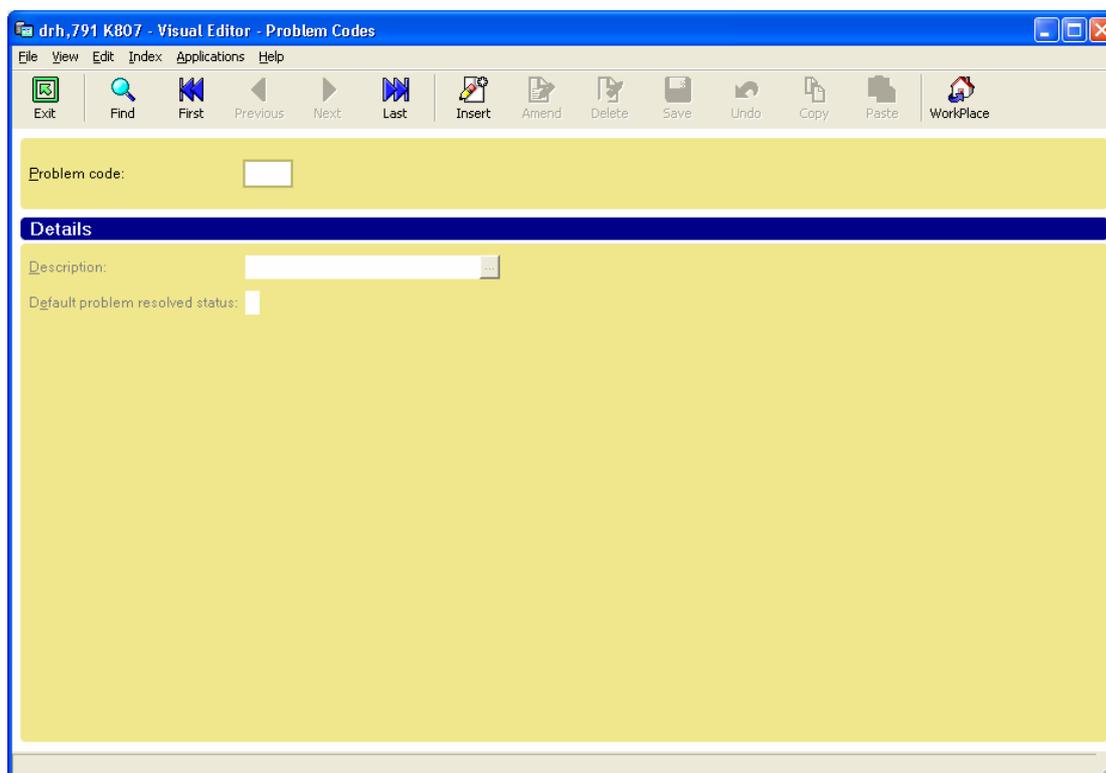
Click OK, this will then allow the original operator to retrieve the order and process as normal.

# Problem Codes

Problem codes are used when customers have queries on sales ledger invoices and are attached to a document via the Account display, problem reporting routine.

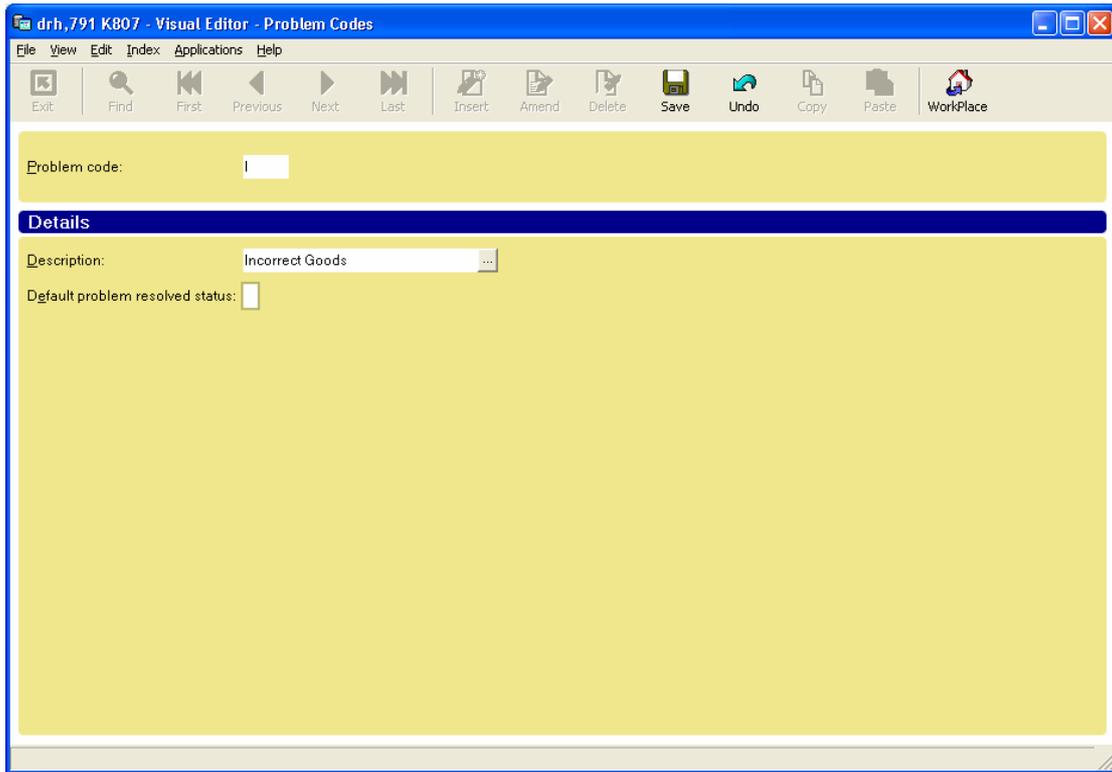
To create or amend Problem Codes, follow the link below:

- **Sales Ledger**
  - **Miscellaneous Options**
    - **Tables Maintenance**
      - **Problem Codes**



To amend an existing Problem Code, either use the Find button at the top of the screen, or use the First and Next buttons until the code required is displayed. Once displayed, click amend and change as required.

To create a new Problem Code, click the insert button at the top of the screen.



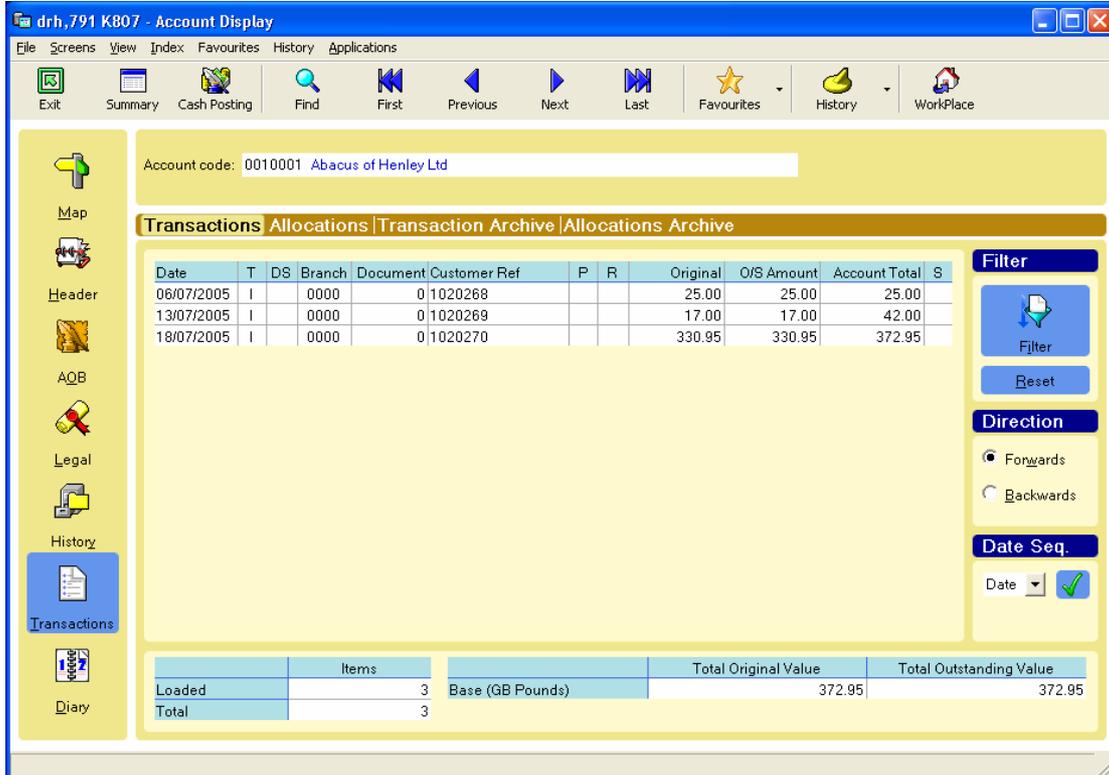
Enter a unique code in the Problem Code box, and enter a description.

You also have the option to default the problem as resolved immediately by placing a tick in the 'Default problem resolved status' box.

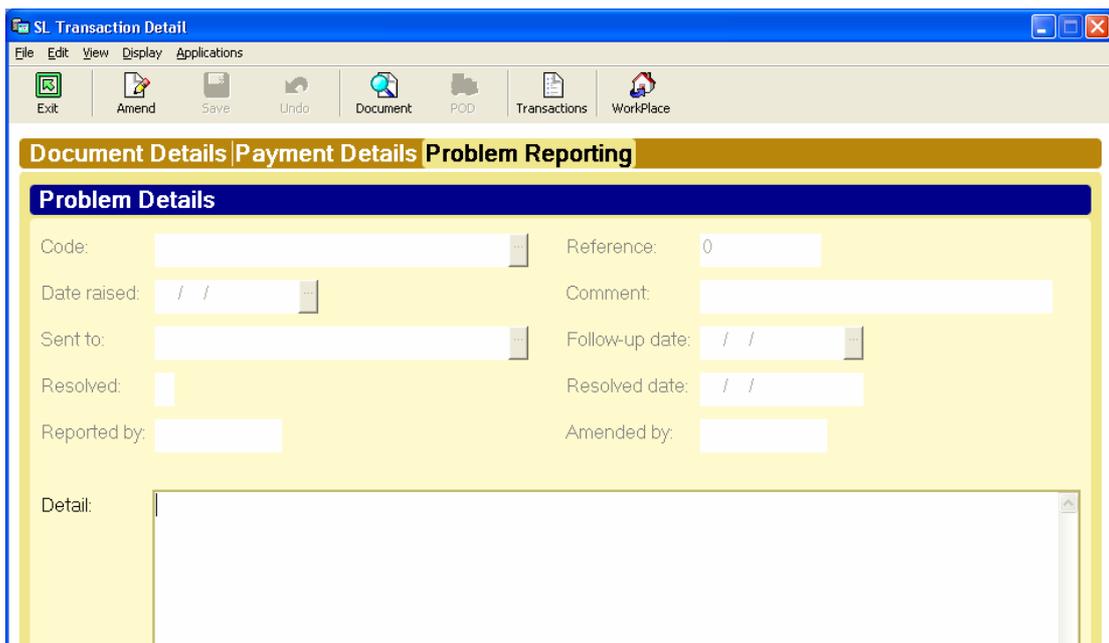
Click save.

To apply a problem code to an individual invoice, follow the following link.

- **Sales Ledger**
  - **Account Display**
    - **Transactions tab**



By double clicking on the relevant document, displays the following screen. Click on the Problem reporting tab.



Applying a problem code to a document excludes it from the credit chase cycle, if used.

Clicking the amend button allows you to apply a problem code to the document.

Select the problem code from the menu against the 'Code' box, enter the date the problem was raised in the 'Date raised' box. You can then enter details in the large box at the bottom of the screen.

In addition you can also enter the login of the person who is resolving the problem and enter a date you wish to follow up the problem.

Once the problem has been resolved, place a tick in the 'Resolved' box. Once ticked, the document will be included in the credit chase cycle.