

Backing Out Finance Charges

What It Does

If your finance charges are incorrect, or if you have finance charges you do not want, you need to back them out. If the charges were incorrect, you can then recalculate them.

This document first explains how the system calculates finance charges, because understanding the parameters that control finance charges can make undoing them easier. It then explains how to back out incorrect finance charges.

How Finance Charges Are Calculated

You can post finance charges to customer accounts through the (O) A/R Report Selector screen or the (OR) Accounts Receivable Reports screen. A number of fields affect finance charges, and determine whether they're calculated for a particular account.

In the (LA3) screen, the following parameters determine whether finance charges will be assessed:

Note: These parameters were in the (LA2) screen in software versions older than Version 4.

- **Monthly Finance Percent %:** Set to the amount of the finance charge.
- **On Invoices Over:** Set to either **30**, **60** or **90** days, depending on the account balance age you set for finance charges to be assessed.
- **With Minimum Of \$:** You can set a minimum finance charge amount here. (This is optional.)

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10:38:43                (LA3) Statement Parameters                01/14/00
=====
Action [I] (C=Change, I=Inquiry)                                G/L Location [ 1 ]
=====
Print Logo Y/N ?Y
Print Running Balance Y/N ?N
Print Stub Y/N ?N
Print Last Check Number and Dollar Amount Y/N ?Y
Create Pick Tickets for Finance Charges Y/N ?N

=====  S T A T E M E N T   P A R A M E T E R S  =====
Every Statement [WE APPRECIATE YOUR BUSINESS. OUR TERMS ARE NET 15.]
Current Accounts [ ]
Accounts 30-60 [YOUR ACCOUNT IS PAST 30 DAYS.  REMIT IMMEDIATELY!!]
Accounts 60-90 [YOUR ACCOUNT IS PAST 60 DAYS.  REMIT IMMEDIATELY!!]
Accounts Over 90 [YOUR ACCOUNT IS PAST 90 DAYS.  REMIT IMMEDIATELY!!]
=====  F I N A N C E   C H A R G E   P A R A M E T E R S  =====
Monthly Finance Percent % 5.00 On Invoices Over ?60 Days With Minimum Of $ 1.00
Allow Finance Charges On Past Due Finance Charges Y/N ?N Exempt Status ?H

Statement Finance Charge Message
First Line [YOUR ACCOUNT IS PAST DUE! FINANCE CHARGES HAVE ]
Second Line [BEEN ASSESSED TO YOUR PAST DUE INVOICES. ]
=====
    
```

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- **Allow Finance Charges on Past Due Finance Charges:** If you want to calculate finance charges on past due finance charges, type **Y** in this field.
- **Exempt Status:** Customers with status codes you specify here are exempt from finance charges.

In the figure on the previous page, these parameters are set to charge 1.5 percent on any unpaid balance on accounts over 30 days old.

In the (A) screen, two fields affect whether finance charges will be assessed for a particular account:

- **P/O Required:** If this field is set to **E**, the account is exempt from finance charges.
- **Status O/E:** If the status code specified in this field matches a status code specified in the Exempt Status field in the (LA3) screen, the account is exempt from finance charges.

How to Do It

Note: This is a dedicated procedure. No one else should use your system until it's complete.

- 1 Go to the (LØ) screen, and note the volume serial that contains your customer files. It's specified in the Customer field under Volume Serials.
Press ESC until the Master Menu appears.

Save Your C-DISC File

- 2 Go to the (Z) screen, and select the [C2] Copy Single File function.
- 3 At Enter File to Copy From, type **C-DISC**, and press TAB.
- 4 At Unit #, type the unit number that corresponds to the volume serial containing customer files. (The unit numbers for each volume serial are displayed in this screen.)
At Volume, press TAB.
- 5 At Enter File to Copy to, type **K-DISC**
Press TAB.
- 6 At Unit #, specify the same unit number you entered in **Step 4**.
Tab past the Volume field.
- 7 At N=Normal Copy, R=Recover Deleted Records, I=No Duplicate Keys, type **N**
Press ESC until the Master Menu appears.

Exempt All Customers from Finance Charges

- 8 Go to the (+A) screen, and select the [C] Change action code.

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- 9 In the By Cust field, type **N**
- 10 Tab to the Change To field on the PO Flag line, and type **E**
- 11 Press RETURN until the Are You Sure prompt appears, and type **Y**
Press ESC until the Master Menu appears.

Run Finance Charges Again

- 12 Run finance charges in the same way you did when you created them. Make sure you use the same aging date as you did before. Since all customers are now exempt, the system will back out all the finance charges it previously created for that aging date.

Note: Instructions for running finance charges can be found in "Chapter 8: Accounts Receivable Report Selectors" in *Book IV: Accounts Receivable*.

Restore Your Original C-DISC File

- 13 Go to the (Z) screen and select the [C2] function again.
- 14 At Enter File to Copy From, type **K-DISC**, and press TAB.

- 15 At Unit #, type the unit number that corresponds to the volume serial containing customer files.
At Volume, press TAB.
- 16 At Enter File to Copy to, type **C-DISC**
- 17 At Unit #, specify the same unit number you entered in **Step 15**.
Tab past the Volume field.
- 18 At N=Normal Copy, R=Recover Deleted Records, I=No Duplicate Keys, type **N**
- 19 At K = Keep Old File, X = Replace Old File, type **X**
Press ESC until the Master Menu appears.

Delete the K-DISC File

- 20 From the (Z) screen, select the [F4] Delete Single File function.
- 21 At Enter File Name, type **K-DISC**
- 22 At Enter Unit #, enter the number for the volume serial containing your customer files.
- 23 At Are You Sure, type **Y**
- 24 This completes the procedure for backing out finance charges. You can now run finance charges correctly, if needed.