

## SELECTION 5

### CALCULATE FINANCE CHARGES

Finance Charges are not added to any accounts unless the Finance Charge calculation program is run and updated.

Finance Charges calculate on all invoices with a due date equal to or older than the finance charge date. The computer will compute the charge based on the rate you enter, and send it to the Account Receivable Open Item File like an invoice. If Finance Charges are calculated and posted before statements are run they will appear on the statement.

*Finance charges are calculated on the entire past due balance for the entire month. No partial month prorations are calculated.*

PETRO-DATA WARNING AND DISCLAIMER.

Please consult a lawyer or CPA to make sure you are calculating finance charges in a manner which is compliant with the USUARY LAWS in your state. In addition, double check the finance charges to be sure that the calculation is correct.

As per the Petro-Data software license agreement, Petro-Data is not responsible for making sure you use the programs correctly. If you feel the finance charge is not calculating correctly, please send us a detailed example of how you want the finance charge to calculate. At that point we can discuss the remedy.

Please press "Y" to signify that you have read and understand the disclaimer and would like to proceed. Press "N" if you do not understand the finance charge laws in your state.

Option: Y=I understand the disclaimer N=I do not understand

**Menu Select:** From the Accounts Receivable Main Menu, select 5 - *Calculate Finance Charges*. The following screen displays the submenu.

```
1 Calculate and Print Finance Charges
2 Print Detail Finance Charge Audit
3 Update Finance Charges
4 Delete Selected Finance Charges
5 Print Finance Charge Journal
6 Restore Finance Charges
7 Finance Charge Install Program
Q Quit
Make a Selection |q
```

Enter **Q** from the Finance Charge submenu to return to the Accounts Receivable Main Menu.

Processing Sequence:

Select 1 to calculate the finance charges and print the report.  
Verify the report.

If necessary,  
Select 3 to print a Detail Audit of the charges.  
Select 4 to delete any customers from the current charge list  
Select 5 to print another journal after making changes

Select 3 to update

## 1 CALCULATE AND PRINT FINANCE CHARGES

This program calculates and prints finance charges.

Finance charges are not posted to the customer account until the post option is selected.

After calculating, verify the printed finance charge journal. If everything looks good, post the finance charges by selecting the Post Finance Charge option.

To remove a customer from the list, go to Customer File Maintenance and change the *Finance Charge* field for the customer from **Y** to **N**. Rerun the Finance Charge Calculation program. After updating the Finance Charges, you may go back to the customer's file and change the field back to **Y** so that charges will be calculated the next month.

**Menu Select:** From the Calculate Finance Charges submenu, select *1 - Calculate and Print Finance Charges*.

**Begin Input:**

*'Unposted Finance Charges Already Exist. Do You Want to Recalculate'*

If this message displays, finance charges have previously been calculated and not updated. They are still in the file.

Enter **N** to return to the Finance Charge Submenu without recalculating.

Enter **Y** if you want to recalculate the finance charges.

**\*\*Note - If you changed the finance charge option in a customer record, you must recalculate to charge the customer.\*\***

**Output to: P = Printer F = Text File Q = Quit**

```

      Petro Data Oil *** Calculate Finance Charges *** 07/26/2004

Printer selected was Samsung ML-1430 Series Port LPT1:

Finance Charge Date - (duedate + grace days)=Delinquent days.
Enter Finance Charge Date      07/30/2004

Enter Finance Charge %          18.00
Enter grace days past due date   30
Enter Minimum Finance Charge     0.50
Minimum Balance to Charge        25.00

Enter Transaction Date          07/30/2004   Enter Due Date      08/10/2004

Enter a Batch Number            20040785

Input selection criteria? N

Warning. Everyone should be out of A/R when Calculating
Is everything ok? (Y/N/Q=Quit)  Y

```

*Finance Charge Date - (due date + grace days)=Delinquent days*

**Finance Charge Date.** Enter the Finance Charge Computation Date. Every customer with open invoices which were due on or before this date will be charged finance charges if the Finance Charge field in their master file is **Y**.

**Enter Finance Charge %.** This represents an **annual rate**. Press *enter* to accept the default percent. See Finance Charge Install Program. Annual rate and grace days can be set up ahead of time.

**Enter grace days past due date.** The default from the install program displays. Press <enter> to accept. See Finance Charge Install Program for further information.

**Enter Minimum Finance Charge.** Enter the minimum amount of finance charge to bill the customer. For example, if .50 is minimum, any calculation that results in less than 50 cents will not be charged.

**Minimum Balance to Charge.** Enter the minimum customer balance to charge. For example, if \$25 is the minimum balance, if the customer has a balance of \$24.99 or less no finance charges will be calculated.

**Enter Transaction Date.** Enter the date to be carried as the invoice date on the finance charge transactions.

**Enter Due Date.** Enter the due date of the finance charge transaction. For example if the invoice date for the finance charge transaction is 02/28/1999, then the due date might be 03/10/1999.

**Enter a Batch Number.** Enter the batch number to be used when the finance charges are updated. Ex, 20040785.

**Selection Criteria? (Y/N).** Selection Criteria would only be needed to charge finance charges on customers based on some field other than the *Finance Charge* field in their file. For example, only customers whose Salesman is LS (Larry Smith).

**Warning.** *Everyone should be out of A/R when calculating.*

**Is Everything ok (Y/N/Q=Quit).**

N - Like F7 returns to the options for corrections.

Q - No finance charges are calculated.

*Calculate Finance Charges is Cancelled. Press Enter.*

Y - Calculates finance charges and prints the report/journal

---

Finance Charge Journal on 07/31/2004				
Finance Charge Date is 07/31/2004				
Cust #	Company Name	Balance	Past Due	Fin Chg
BLUE	Blue Farm	60676.24	50472.15	746.71
JOHN	Johns Service Station	15675.22	5241.16	77.54
JONES	Jones Farm	3129.00	3129.00	46.29
				870.61

---

Calculation:  $3129.00 \times .18 (18\%) = 563.22 / 365 = 1.543$  (per day)  $\times 30 = 46.29$

The maximum number of days the computer calculates finance charges will be 30 days. If you skip a month, the computer will NOT charge for two months. If the invoice is past due less than 30 days, then it will calculate on the number of days it is past due only.

To exit the Calculate Finance Charge submenu without updating, enter **Q** to return to the Accounts Receivable Menu. The following message displays on the screen if there are unposted Finance Charges in the file.

**Finance Charges Have not Been Posted Yet. OK? (Y/N)**

Y - quit Finance Charge program without updating finance charges.

N - remain on the Finance Charge program submenu.

Even if you quit the finance charge program, the finance charges remain calculated - they just have not been updated. You may return and complete the process later.

## 2 PRINT DETAIL FINANCE CHARGE AUDIT

After finance charges are calculated, this report shows the detail of how the charges were

calculated.

**Menu Select.** From the Finance Charge submenu, select *2 Print Detail Finance Charge Audit*.

**Output to:** S=Screen P=Printer F=Text File Q=Quit

**Enter report date.** Enter a date, or press <enter> to accept the default.

**Input selection criteria?** Enter N to see the entire report. Enter Y to select only a portion of the report (for example, a specific customer).

**Sort:** 1-Alpha customer number - alphabetically by customer number  
2-Numeric customer number - numeric sort for numeric customer codes.  
3-Alpha sort - alphabetically using the 'Alpha Sort' field in the customer record.

```
Petro Data Oil *** Finance Charge Audit *** 07/26/2004
Display report on screen
Enter report date 07/26/2004
Input selection criteria? N
Sort: 1=Alpha cust no      2=Numeric cust no      3=Alpha sort 1
Is everything ok? (Y/N/P=Printer/Q=Quit) |Y
```

**Is everything ok? (Y/N/P=Printer/Q=Quit).**

Y prints the report

N allows you to change options

P allows you to change printers or output device

Q returns to menu without printing

The following audit report was printed using selection criteria - custno = jones.

Display Report Finance Charge Audit Report						
Print	Save	Exit	Enlarge		Reduce	
Date: 07/26/2004	Petro Data Oil			Page No.		
Time: 16:24:10	Finance Charge Audit 07/31/2004			1		
		Grace Days: 30		Fin Pct		0.180
Selection: upper(CUSTNO)='JONES '						
Custno: JONES		JONES FARM				
Inv No.	Inv Date	Due Date	Fin Date	Days	Balance	Fin Chg
724B03	07/22/03	08/10/03	09/09/03	30	3129.00	46.29
Subtotal						46.29
Grand Totals						46.29

### 3 UPDATE FINANCE CHARGES

**Menu Select.** From the Finance Charge submenu, select *3 Update Finance Charges*.

*Everyone must Leave Invoicing and Accounts Receivable to Run This Update*

'There are 3 Finance Charges For a Total of 870.61'

**Enter GL Link Code F2 = Lookup Q = Quit**

Link code description displays.

**GL Fin Chg** account number and description display from link code

**GL AR** account number and description display from link code

**Is everything ok? (Y/N/Q=Quit)**

Y updates the finance charges

N allows you to change options

Q returns to menu without updating

The files backup the old way.

If there are no error messages, *Did the Files Backup Correctly? (Y/N)*

The files are listed on the screen as the update progresses.

The updated Finance Charge Total displays. It should be the same as the journal.

#### 4 DELETE SELECTED FINANCE CHARGES

This option removes a customer calculated finance charge from the list BEFORE it is updated to their account.

The customer account is not changed. If they have a past due balance next time you calculate, finance charge will be charged.

**Menu Select.** From the Finance Charge submenu, select *4 Delete Selected Finance Charges*.

```
Petro Data Oil *** Delete Finance Charges *** 07/27/2004
Enter customer number (Blank=Quit)  BLUE
Customer:          BLUE FARM
Fin Charges:      2724.67
Ready to Delete? (Y/N)  |Y
```

Enter the **Customer Number**. The name and finance charge amount display.

Enter **Y** to delete the finance charge record.  
Enter **N** to leave the record.

Finance charge amounts cannot be changed.

#### 5 PRINT FINANCE CHARGE JOURNAL

After changes have been made to finance charges, print the journal for a final list of what will be updated to the customer accounts.

**Menu Select.** From the Finance Charge submenu, select *5 Print Finance Charge Journal*.

**Output to:** S=Screen P=Printer F=Text File Q=Quit

**Enter report date.** Enter a date, or press <enter> to accept the default.

Display Report Finance Charge Journal		
Print	Save	Exit
		Enlarge
		Reduce
Date: 07/27/2004	Petro Data Oil	Page No.
Time: 10:19:41	Finance Charge Journal on 07/27/2004	1
Cust #	Company Name	Fin Chg
JOHN	Johns Service Statio	5001.65
JONES	JONES FARM	46.29
		5047.94

## 6 RESTORE FINANCE CHARGES

If after all of the verifying, the updated finance charges still have errors, or if there is a power failure during the update, run the restore. This program will copy the files back to the point where Finance Charges had been calculated, but had not yet been updated. The Restore, if needed, must be run immediately after the update before anyone has time to do any other data entry. You will lose data if you restore after someone has entered invoices or cash receipts, etc.

**Menu Select.** From the Finance Charge Menu, select *6 Restore Finance Charges*.

```

Petro Data Oil *** Restore Finance Charges *** 07/26/2004

Restore should be run IMMEDIATELY after finding mistakes in the update program
Have any of the following programs been run since the last update?
Cash Receipts      Or      Invoicing
Any program which updates Accounts Receivable?
If the answer is yes, then the Restore will not Work

Do you want to restore the data files for the Finance Charge Update Program Y
Are you sure you want to restore the Finance Charge Files      Y
Remember, Finance Charge Files will be Restored
Are you still sure? Make sure everyone is out of A/R and Invoicing Y
Is Everything OK? (Y/N/Q)  Y

```

*Did the Files Restore Without Errors? Press Y to Continue*

If you encounter problems, call Petro-Data immediately.

## 7 FINANCE CHARGE INSTALL PROGRAM

Set the Annual Finance Charge Percent AND the Grace Period days in this program.

**Menu Select.** From the Finance Charge submenu, select *7 Finance Charge Install Program*.

```

Petro Data Oil *** Finance Charge Install *** 02/18/2005

Finance Charge Grace Days          0
Yearly Finance Charge Rate         18.0000
Calculation Type:  1. Calculate based on number of delinquent days
                  2. Calculate based on invoice balance          1

Is everything ok? (Y/N) |Y

```

These defaults display in the calculate finance charge option.

**Finance Charge Grace Days** are added to the DUE DATE of the invoice before finance charge is calculated.

For example, if the due date was 06/30/04 and the Grace Days is 30, no finance charge will be calculated until AFTER 07/30/04.

**Yearly Finance Charge Rate** - this is an annual rate. The computer calculates the annual amount, divides by 365 (days in a year) to get the DAILY RATE and then multiplies times the number of days the invoice is past due (not to exceed 30).

In the example used in the calculate section (opt 1), JONES has a balance of 3129.00. It was due on 08/10/03. There was a 30 day grace period which made the finance charge date 09/09/03. Let's say my finance charge date is 09/30/03. Here is the calculation:

$$\begin{aligned}
 &3129.00 \text{ times } 18\% (.18) = 563.22 \text{ (ANNUAL RATE)} \\
 &563.22 \text{ divided by } 365 = 1.543 \text{ (DAILY RATE)} \\
 &\text{Due on } 09/09, \text{ finance charge date } 09/30 \text{ (} 30 - 9 = 21 \text{ days past due)} \\
 &1.543 \text{ times } 21 \text{ days} = 32.40
 \end{aligned}$$

JONES finance charge for September 2003 would be \$ 32.40.

(Note: In the example, the finance charge date is 07/31/04 so JONES was charged for 30 days finance charges - 30 times 1.543 = \$46.29).

### **Calculation Type:**

1. Calculate based on **number of delinquent days**.

This is the regular Texas finance charge calculate which is based on number of past due days. Finance charge is annualized and charged only on the number of DAYS the invoice is PAST DUE not to exceed 30 days.

**2. Calculate based on invoice balance.**

This option determines if the invoice is past due and then charges a full month's finance charge (annual rate divided by 12)

FC GRACE DAYS MUST BE SET TO ZERO (0).

\*\*\*Note: Petro-Data has been informed that in Texas, this calculation is not legal if the invoice is less than 30 days past due.\*\*\*

c:\myfiles\ar\AR5FINAN.wpd (02/18/05)