

SUPPORT DOCUMENT

Payment Terms and Tender Types



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Overview

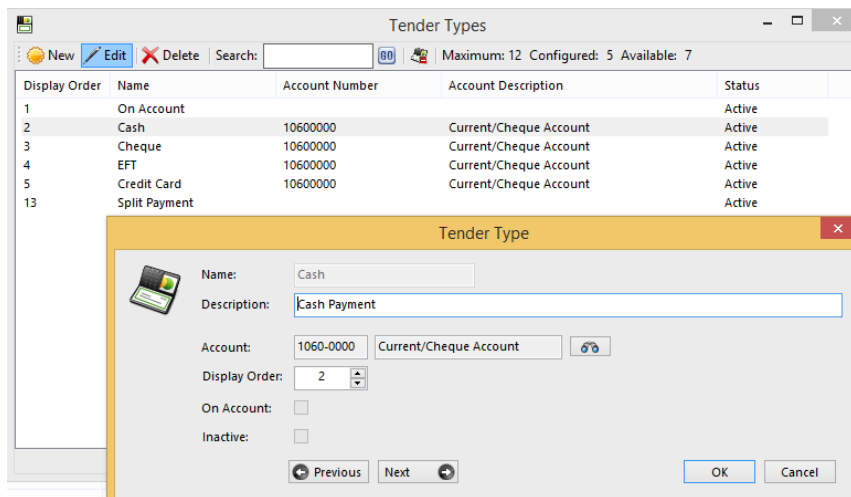
There are 2 very distinct functions within the product that we need to differentiate between, namely Tender Types and Payment Terms. In addition we will explain how to use the new HP Payment Term Functionality within the application.

Tender Types

The primary purpose behind Tender Types is to assist in in the Cash-up process with the ability to define as many Tender Types as required, each with their own clearing account. One of these Tender Types is “On Account” and when using “On Account” you will activate the Terms function.

Setting up Tender Types

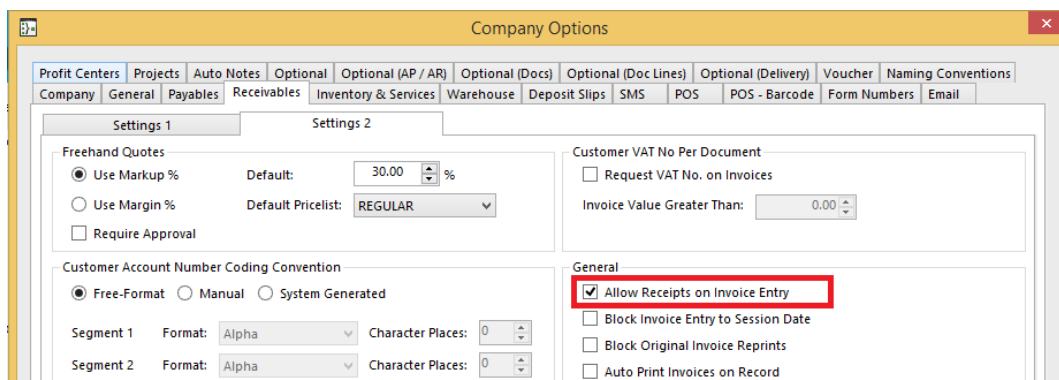
The tender types at setup in the Control Panel >> Tender Types option as seen below



Once you have done this you then need to set the default Tender Type on the Customer or Vendor Account under the Settings tab. (refer below under [Define Default Customer and Vendor Terms](#))

Activating the Use of Tender Types During Sales or Purchase Document Processing

In most “Traditional” cases, businesses process Invoices and Capture the payments, or receipts as a separate function, but with Palladium we have the ability to capture the Receipt at time of processing. To activate this go to **Control Panel >> Company Options >> Receivables >> Settings 2 tab.**



Payment Terms and Tender Types

Once activated, you will have the ability to change the Tender Type in the Sales Document Header and select the respective tender method with its respective Tender Method Clearing account, effectively like having PoS Functionality in the generic invoicing function.

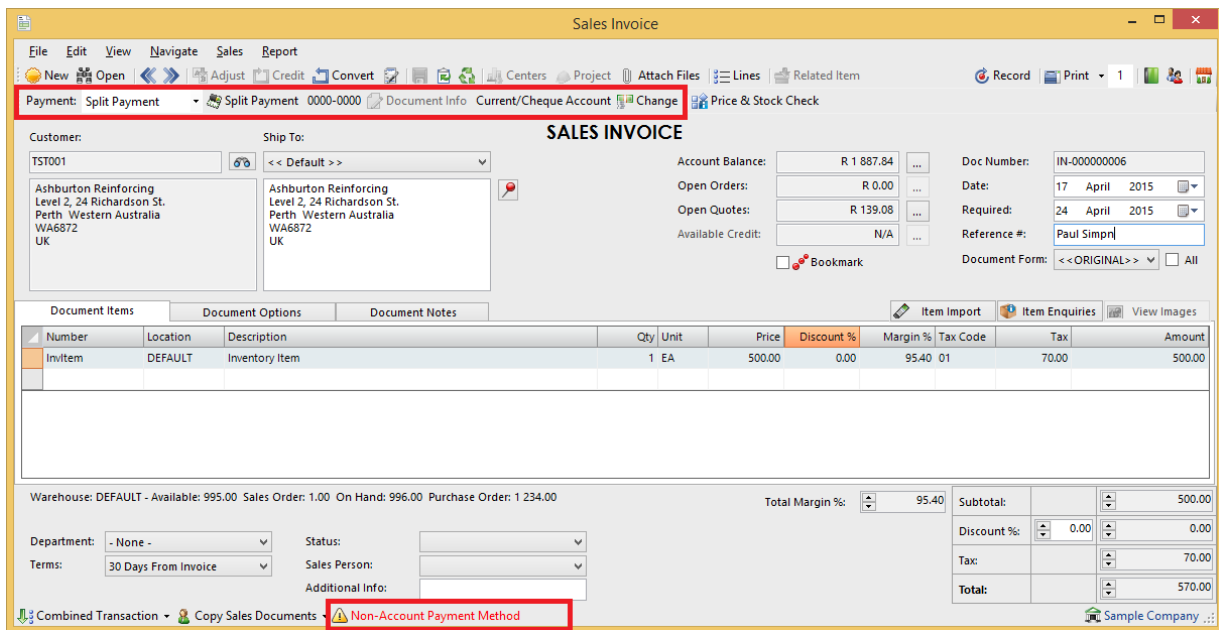
Splitting Payments

We have also incorporated the ability to Split Payments, for multiple tender types, that we have in the PoS function, into the general Sales Invoice processing feature. In addition you can set this to Automatically Invoke on the invoicing screen for businesses that are more Cash-Sale oriented. To set this you go to **Control Panel >> Company Options >> Receivables >> Settings 2**.

Invoke Split Payment Option on COD Payment Terms

Using Tender Types during Sales or Purchase Document Processing

Once the feature is active you will be able to select the different bank, or tender control account, on the processing documents. You also have the option to change the Clearing Bank Account at any time. You will also notice that there is a warning at the foot of the document that this is a Non-Account Payment option.



Payment Terms and Tender Types

When we Record/Save the document, the Tender Type Options invoke per the setting above.

Journal Entries

With the Cash Tender options you will see that there are no entries processed to the Accounts Receivable account and the Receipt Transaction is processed with the Sale.

Sample Company

Journal Entries for Document: IN-000000006

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		Debits	Credits
2015-04-17	J15 IN-000000006, IN-000000006		
10600000	Current/Cheque Account	570.00	0.00
15200000	Inventory A	0.00	23.00
23000000	Sales VAT Payable	0.00	70.00
40200000	Sales Inventory A	0.00	500.00
50200000	Cost Inventory A	23.00	0.00
		593.00	593.00

Terms

Overview

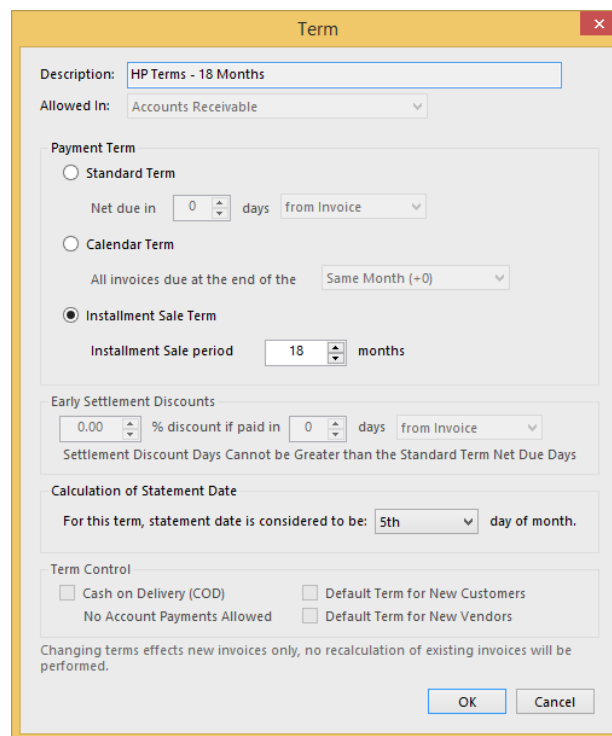
Terms are the period, or the amount in days, that you have to pay a specific document, and is defined by the document Due Date. The terms function within Palladium is very powerful with the ability to set default terms per Customer or Vendor, with the ability to amend these per Document (a function that is governed by user-rights)

Setting up Terms

To setup Terms, go to **Control Panel >> Terms**.

Step 1 – Select Term Type

- **Standard Term (Days term)** – i.e. that the invoice is due X days from Date of Invoice or from Date of Statement.
- **Calendar term (monthly term)** – this is where the invoice is due at the end of a Month, i.e. Current Month, Next Month, etc.
- **Instalment Sale Term (HP)** – this is where clients can pay off an amount over a specific period.



Step 2 – Define the Early Settlement Discount

The early settlement discounts are the discounts that will be applied during the Receipting/Payment process should the payments be made within the specified period. These discounts are automatically calculated at time of Payment or Receipt Processing. Note that this early settlement Discount feature does not apply to the Instalment Sale (HP) payment method as reflected in the screen above.

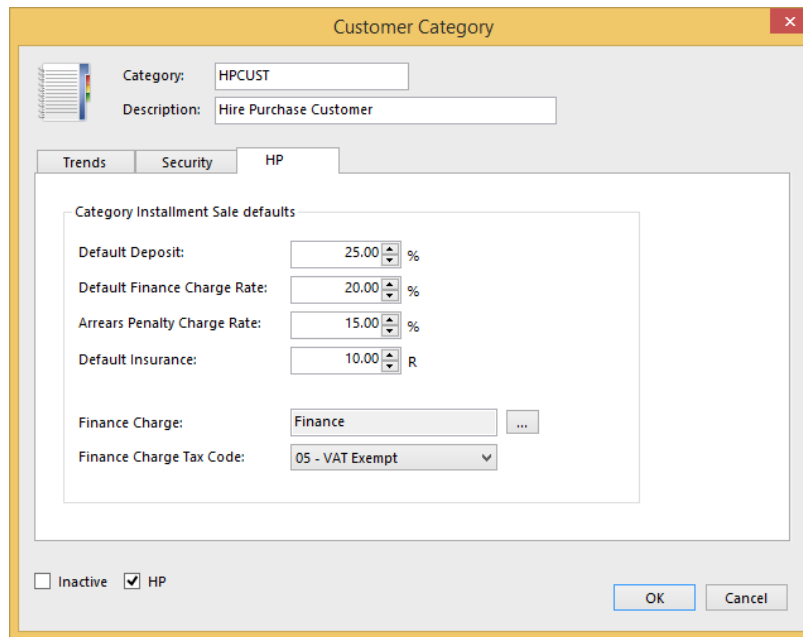
Step 3 – Set the “Calculation of Statement Date”

This setting only applies to the Standard Terms where we have elected to use x Days from Statement Date as well as with the Hire Purchase terms. This allows you to set the statement, or due, date to any day in the month and could be the 25th as is particularly common in a number of Specific Industries.

Setup Instalment Sale (HP) Tender Methods

Group Parameter Settings

Once you have setup the required tender types, you then need to activate the various HP Contract settings per Customer Group. To do this we have set the different contract parameters for Deposit %, Finance Charge Rate, Penalty Charges and Insurance Rate all at the Customer Category Setting. To activate this, you just need to set this as a Hire Purchase Customer Category and the relevant settings will be available.



The screenshot shows the 'Customer Category' dialog box with the following details:

- Category: HPCUST
- Description: Hire Purchase Customer
- Tab: HP
- Category Installment Sale defaults:
 - Default Deposit: 25.00 %
 - Default Finance Charge Rate: 20.00 %
 - Arrears Penalty Charge Rate: 15.00 %
 - Default Insurance: 10.00 R
 - Finance Charge: Finance
 - Finance Charge Tax Code: 05 - VAT Exempt
- Options: Inactive, HP
- Buttons: OK, Cancel

Link Terms to Customers

You now need to assign both the HP Parameters as well as the default Terms to the Customer. On editing or creating the customer you first need to select the relevant Customer Category and default Terms. Once you have selected an HP Customer Category, only HP Payment terms will be available for this Customer.

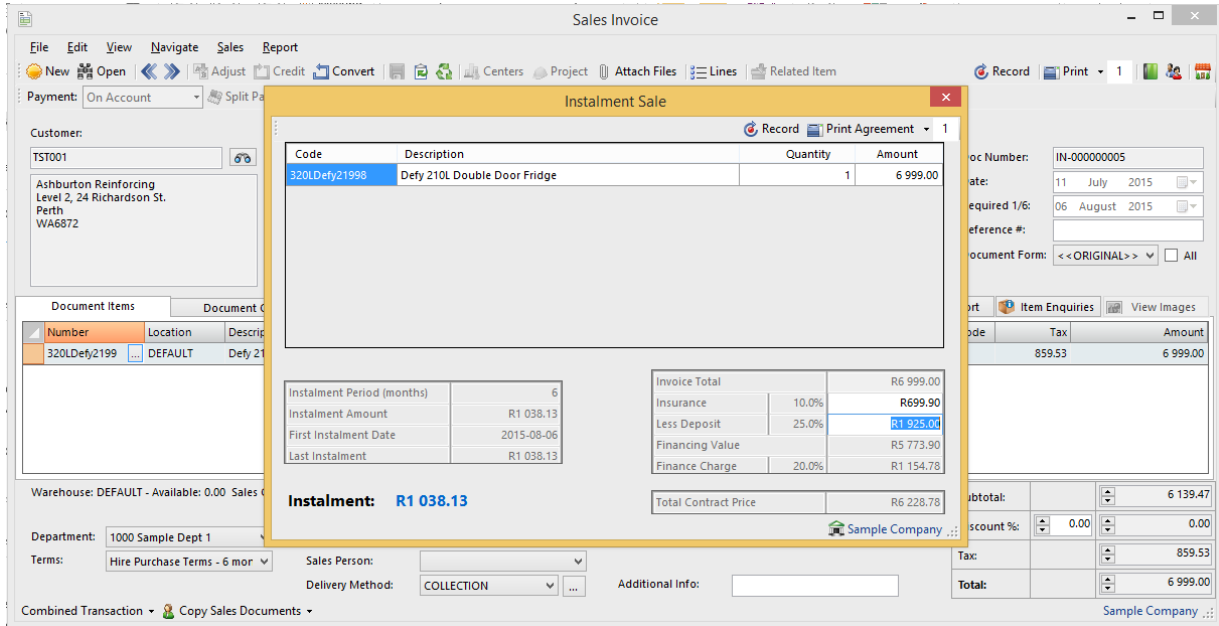
Remember that the terms can be adjusted on a per Transaction (or Invoice) level, provided the user has the requisite user-access to adjust these.

The screenshot shows the 'Customer' settings window for 'Ashburton Reinforcing' (Number: TST001). The 'Payment Terms' dropdown is highlighted with a red box and set to 'Hire Purchase Terms - 6 months'. Other settings include 'Credit Control' (Limit: 100 000.00), 'Default Tender Type' (On Account), 'Invoice Document Form' (- None -), 'Currency' (South African Rand), 'Pricelist' (REGULAR), 'Department' (1000 Sample Dept 1), and 'Trade Discount' (Fixed, 0.00%).

Processing HP Transactions

Once you have processed an invoice with the HP Terms, you will be presented with the Contract Summary Screen below. Thereafter you have the ability to adjust the Insurance Cost, Deposit as well as the Monthly Instalment field. Should you wish to adjust the Monthly instalment for rounding purposes, the balance will be allocated to the “Last Instalment”.

When you have all the required details, you can then print the Contract Agreement, with the system merging all the relevant information into the Document.



Interest on Overdue Accounts

The Interest Billing function has been enhanced to incorporate the penalty interest on the overdue contracts.

Early Account Settlement

Clients wishing to settle Hire Purchase Accounts Early can do so with the system automatically calculating the interest recoupment and posting this as a Settlement Discount at time of receipting.

