

**IES BUSINESS: ACCOUNTING CONTROLS:
INTEREST LINKED ACCOUNTS**

Introduction

There are a number of Loan Management Instruments available in IES Business, and these are operated in the Loans Management Modules. In Accounting Controls, there is provision for Interest Management on Ledger, AR / Debtor and AP / Creditor Accounts.

Overview

By employing Interest Rate Group objects, Contra Account objects, and Interest Account linked objects, you can easily manage automatic interest on linked Accounts.

Interest Linked Accounts

Specify the Account Number 1st, followed by L, D or C on the next prompt, depending on Account type (see Help if necessary)

An Interest Linked Account is established when specified here, but must pre-exist either in the Ledger or the AR or AP sub ledgers.

Int Payable	Int Payable Acct
1 10 10% p.a.	defp Interest Paid

Int Earned	Int Receivable Acct
1 10 10% p.a.	defr Interest Receiv

Calculation Type: 3 Daily Balance
 Scan Back: 3
 Selection Flag: *

Update

There are 3 interest calculation options: -

- Monthly Advance
- Monthly Arrear
- Daily Balance

The 'scan back' indicator tells the system how many Financial Periods to review during an Interest Run, i.e. if you specify 3, then the system will check in 3 prior

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Periods whether further Journals were posted to the same Account after the last Interest Run, and if so, will re-calculate and adjust Interest accordingly.

The Selection Flag is used to differentiate between groups of Interest Linked Accounts, if they need to be performed during different Interest Runs, i.e. not at the same time.

Rate Groups

A Rate Group is simply a parameter object that exhibits a current Interest Rate, which may be changed on demand, and which may be connected to any number of Interest Linked Accounts. When the Interest Rate on the object is changed, then all Accounts linked to the object attract the new Interest Rate from the Specified Date or Period, depending on the Interest Calculation Type.

Group Code: 10

Define or Update Interest Rate Group

Description: 10% p.a.

	Int Rate	Since Period	Since Date
1	10.00	2 Apr 2000	01/04/2000

Any number of Interest Rate Groups may be defined for connecting to interest bearing Accounts.

IES can deal with interest rate changes on a Financial Period or Date basis.

Contra Accounts

Contra Accounts, i.e. for Interest Paid or Received, are also connected to Contra Account objects, which are in turn connected to Interest Linked Accounts. Therefore, if the Contra Account on the object is changed, then all Accounts linked to the object automatically re-routes their Interest Transactions accordingly.

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Define Interest DtlCr Groups [1] ()

Group Code

Define Interest Contra Group

Group Name
Ledger Contra Account

The Ledger Contra will reflect the Debit or Credit, i.e. Interest Paid or Received, as implied by a linked auto Interest Transaction

Perform Interest Run

Perform Interest Calc Run [1] ()

Perform Interest Calculation Run

An Interest Run is performed at any time by stating the Period for which Interest is to be calculated, and by employing a Data Selector that will select all of or an appropriate selection of the Interest Linked Accounts to be calculated.

Run Name (Identifier)

Run Type
(check Help)

Transaction Period
Data Selector to Use

Multiple runs may be performed for the same Period. The system knows which Accounts have already been processed and will not duplicate any Interest.

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Enquiries

The Update options shown above are reflected in Enquiry Options that can be made available to Users who need to 'look' at the information, but without being allowed to change the data.

Reports

The Report options on Interest Linked Accounts include listings of the Master Files, and an Audit Report that will provide details on any Selected Account, over a selected Period Range.

Rep: Audit [1] ()

Interest Audit Report on Selected Account

An Interest Audit Report is driven by a selected Account and Period Range. Please use the expanded key, i.e. Account*Type, like 10101052*L

Specify a Linked Account Key, and a start and end Period for an Audit Report of Interest Calculations and Interest Journals on the Account.

Linked Account Key

Start Period

End Period

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