Setting up finance charges

Goal: Set up finance charges on outstanding client balances so that they can be included in any statements that you send to the client.
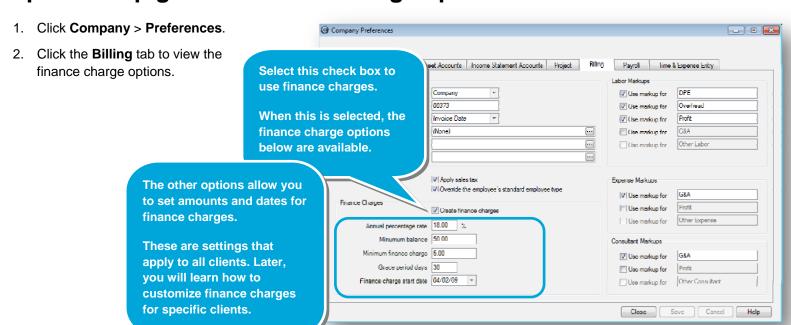
In this quick lesson

Firms often charge finance charges on outstanding balances. The finance charge represents a fee for the cost of credit or borrowing.

Setting up Ajera's finance charges requires only a few simple steps.

- First, you set up general finance charge processing for your company in Company > Preferences.

- Then, you use Setup > Clients if you want to customize finance charges for specific clients.
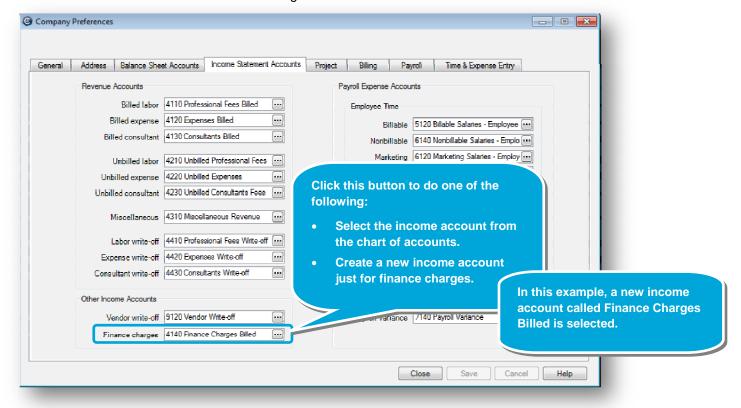
Step 1: Set up general finance charge options

1. Click **Company** > **Preferences**.

2. Click the **Billing** tab to view the finance charge options.

Select this check box to use finance charges.

When this is selected, the finance charge options below are available.

The other options allow you to set amounts and dates for finance charges.

These are settings that apply to all clients. Later, you will learn how to customize finance charges for specific clients.

3. Here's a closer look at each finance charge option:

This is the interest rate used to calculate finance charges.

This is the minimum amount that must be outstanding on a client's project for Ajera to create finance charges.

This is the minimum finance charge amount that Ajera bills for a client's project.

This is the number of days that an invoice balance can remain outstanding before Ajera creates finance charges against it.

This is date when you want Ajera to start calculating finance charges. Ajera uses this date to calculate days outstanding the first time you create finance charges.

If you leave this date blank, Ajera uses the invoice date.

Step 2: Select an income account for finance charges

Before you can use finance charges, you need to select an income account for them.

1. In Company Preferences, click the **Income Statement Accounts** tab,
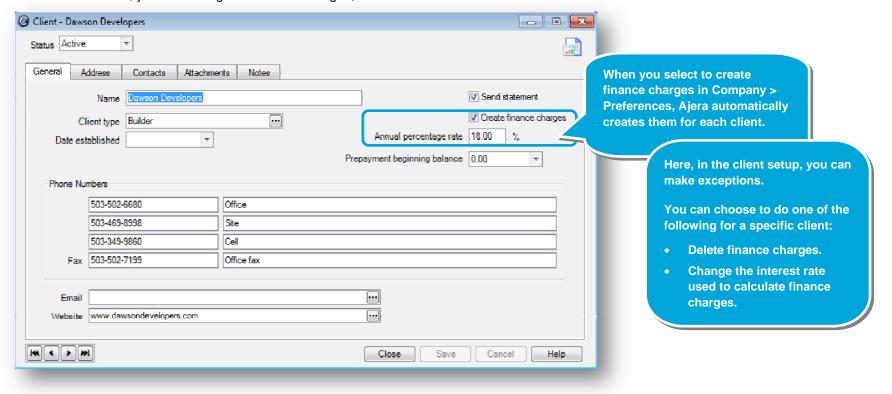   and select an income account for finance charges.

2. After selecting an income account, click **Save**.

Step 3: Customize finance charges for specific clients

After setting up finance charges in Company > Preferences, you can customize finance charge settings for each client.

1. Click **Setup** > **Clients**, select a client, and click the **Edit** button.

2. In the client window, you can change the finance charges, as needed.

> When you select to create finance charges in Company > Preferences, Ajera automatically creates them for each client.

> Here, in the client setup, you can make exceptions.
>
> You can choose to do one of the following for a specific client:
>
> - Delete finance charges.
> - Change the interest rate used to calculate finance charges.

Summary

This lesson has shown you how to select general finance charge settings in Company > Preferences that apply to all your clients, and then change the finance charges for specific clients in Setup > Clients, as needed.