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Account Receivable - Interest Calculation

1. Configuration Steps

- a. Interest Calculation global setting
 - Define Interest Calculation Types (T Code. OB46)
 - Define Number Ranges for Interest Forms (T Code FBN1)
 - Prepare Interest on Arrears Calculation (T Code.OB82) or
 - Prepare Account Balance Interest Calculation (T Code OBAA)
 - Prepare Special G/L Transaction Interest Calculation (T Code OBAB)
- b. Interest Calculation
 - Define Reference Interest Rates (T Code OBAC)
 - Define Time-Based Terms (T Code OB81)
 - Enter Interest Values (T Code OB83)
 - Specify Function Module for Interest Rate Determination (T Code OB85)
- c. Interest Posting
 - A/R: Calculation of Interest on Arrears (T Code OBV1)
 - Interest on Arrears Calculation (Vendors) (T Code OBV9)
 - A/R: Balance Interest Calculation (T Code OBV3)
 - A/P: Balance Interest Calculation (T Code OBV4)

2. Glossary

3. Configuration

a. Define Interest Calculation Types (T Code.OB46)

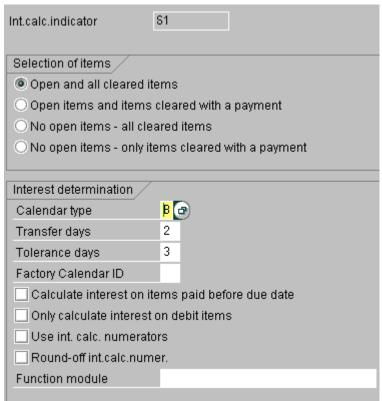
Int ID	Name	Acct no.as IntClcInd	int calc, type	Name
01	Standard itm int.cal		P	Item Interest Calculat…
02	Standard bal.int.cal		S	Balance Interest Calcu…
03	Bal.int.calc.term 2		S	Balance Interest Calcu…
04	Item int.calc.term 2		P	Item Interest Calculat…
05	Bal.int.calc.term 3	✓	S	Balance Interest Calcu…
10	Pjct interest calc.		S	Balance Interest Calcu…
IM	Inv. proj. interest		S	Balance Interest Calcu…
S1	Interest calculation	✓	P	Item Interest Calculat…
SN	INTEREST CAL ON FD		P	Item Interest Calculat…
VD	Loan item int.calc.		P	Item Interest Calculat…
VS	Loan bal.int.calc.		S	Balance Interest Calcu…

In this step we will create our interest indicators and determine whether they are to be used for the item interest calculation or account balance interest calculation.

b. Define Number Ranges for Interest Forms (T Code FBN1)

In this activity you create number ranges for interest forms by: Specifying an interval of numbers to assign to the interest forms. Selecting the type of number assignment (internal). The system assigns a unique number from the number range interval.

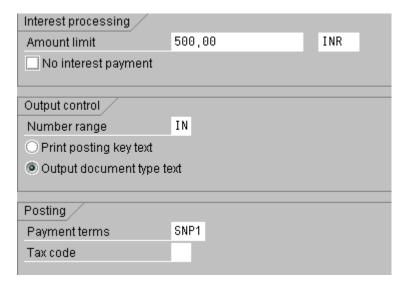
c. Prepare Interest on Arrears Calculation (T Code.OB82)



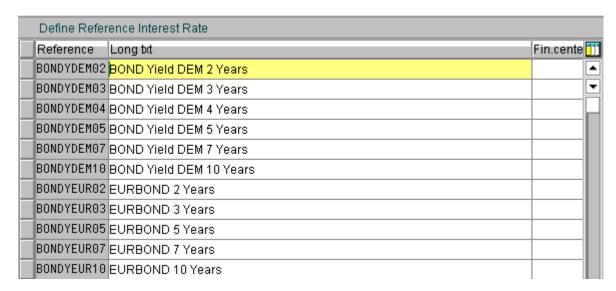
In the selection of items section we will say what type line item taken care by the system while determining line items for interest calculation.

In interest determination we will define types of calendar , transfer days, Tolerance days, etc

In the 2^{nd} part of the screen we will define , minimum interest to amount to be processes, number range



d. Define Reference Interest Rates (T Code OBAC)

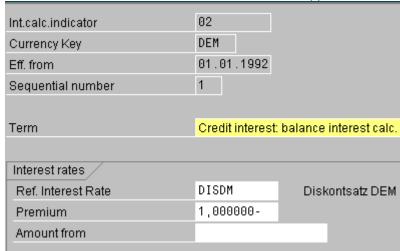


This step is purely optional, here we will create ref. Base to define base rate of interest

e. Define Time-Based Terms (T Code OB81)

In this step we will define with ref. To interest, the

- Effective date from which it is valid
- Currency to be used for calculation of interest
- Sequence number, if there are more then one interest rate is defined for the same interest indicator
- Reference rate for calculation of interest
- Premium, here we define rate which will be added or deducted from ref. Rate for calculation on interest. With out interest ref. Rate also we can define applicable rate of interest
- In amount from field we will define the minimum amount above which this rate of interest is applicable.



f. Enter Interest Values (T Code OB83)

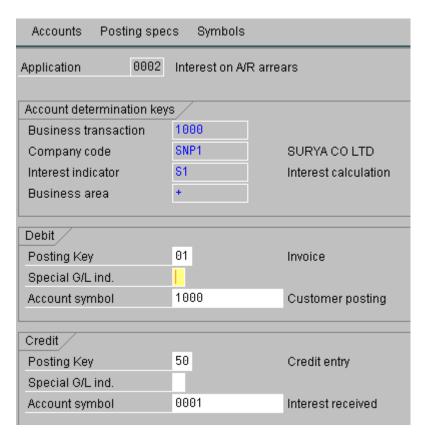
Reference	Short text	Eff. from	Int. rate
BONDYDEM02	BONDY DEM 2Y	01.09.1999	3,4100000
BONDYDEM02	BONDY DEM 2Y	31.08.1999	3,4700000
BONDYDEM02	BONDY DEM 2Y	30.08.1999	3,3700000
BONDYDEM02	BONDY DEM 2Y	27.08.1999	3,3800000
BONDYDEM02	BONDY DEM 2Y	26.08.1999	3,2900000

In this step we will define interest rate applicable for reference interest rate for different period of time.

g. A/R: Calculation of Interest on Arrears (T Code OBV1)

In this configuration step we will

- define and assign interest indicator to company code and business area
- Define posting keys
- Account symbols. In turn accounts symbols are attached to general ledger account



4. Processing Manual

5. Note

- a. The customer or vender master record of an account must contain an interest indicator so that it is taken into consideration during interest calculation.
- b. Number ranges defined for interest calculation are not used for any other purposes (for example, for document types). If interest is calculated on accounts from various company codes, then you define the same number range for each company code.
- c. Premium defined at time based term (T Code OB81) is in addition to rate of interest define at reference interest rate.

- d. If no reference interest rate is attached on T Code OB81, then the rate mentioned at premium will be taken as interest rate
- e. Transaction code OBAC and OB83 are optional

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