

Factoring – General procedures when using SPDF for factoring

Background

- Company X has a group of customers whose account is always factored out to SPDF.
- All non COD customers will be invoiced as normal and the invoices will be batched and transferred to SPDF once a week.
- Upon transfer SPDF are responsible for the collection of the invoices up until they are 90 Days EOM old, at this point they become the responsibility of Company X again.
- Company X is required to produce an excel spreadsheet with the invoice basics on it for all these invoices, Card Code, Name, Invoice number, Description, Total TP. We also have to upload to an FTP site all invoice images in PDF. This can be 1 file with each invoice as a separate page (Preferred) or a file per invoice.
- SPDF collects monies to their St George account, and Company X draws funds as needed to their Bank X account.
- Creditors are paid via the Bank X account, cash sale collections are banked to the Bank X account.
- SPDF supply a reconciliation each day for monies received the previous day.
- SPDF invoice Company X monthly for fees and charges

Preparation

1. Add a non report cardfile group "Factored".
2. Update the customer cardfiles and ensure the nominated customers are put into the "Factored" Card File Group.
3. Add a new Payment Type "Factored".
4. Add a new bank account for the debtor finance bank account, eg St George SPDF.

Process

1. The account sale is made in the normal way (all account details are the customer)
2. At end of day run the Debtors List as at 'today' by Groups – Factored.
 - a. Open debtors for that day.
 - b. Edit each and enter the date the invoice will be factored eg Friday that week. – You have to select a payment type to enter a factored date so use Factored (it does not record a payment).
 - c. Save & Close.
 - d. Do for each new factored debtor and invoice on the list.
3. On the Friday of each week (the nominated factoring date for the week) run a debtors list, print the Aged Receivable Detailed report, select Factored and the factored date. The report will list all invoices being factored as at that date. The report should match the Sales Register for the week run by Group – Factored. Email the invoices to SPDF from the Sales Register, and email a copy of the Aged Receivable Detailed report by factored for that date.
4. On receipt of the daily reconciliation from SPDF, enter debtor payments and bank them to the St George SPDF account in Jim, not the Bank X account.
5. To see all factored invoices currently outstanding, run the debtors list, print the Aged Receivable Detailed report and tick factored, leaving the date field blank.
6. Enter draw downs from the St George SPDF account to your Bank X account via Banking>Cheque Book>Add cheque and enter a 'cheque' from the St George account to the Bank X account. You will then be able to reconcile both bank accounts correctly.

7. Add Expense PO's for charges billed by SPDF and pay via creditors from the Bank X account.
8. At the end of the 90 days factoring period, unpaid invoices need to have the factored date removed as they have reverted back to Company X's responsibility.