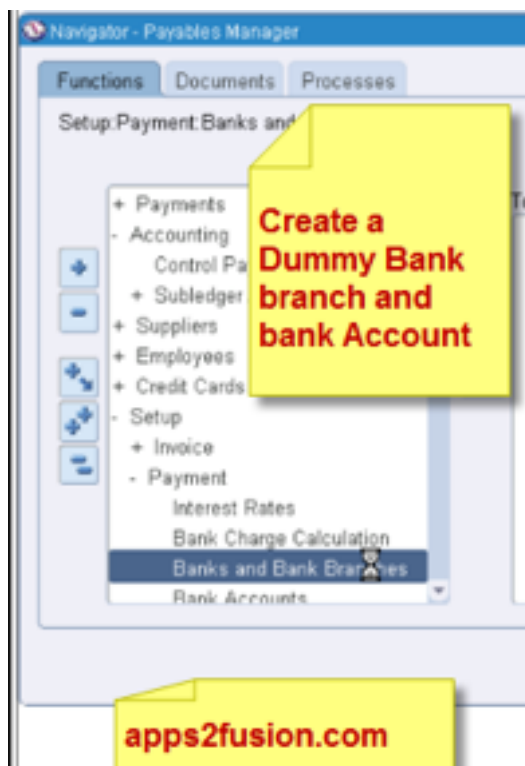## For this guided demonstration, the steps are

1. Create a Dummy Bank and its bank account for AP/AR Netting

2. Create a AP/AR Netting Receivable Class

3. In Receivable system options, check the payment to unrelated transaction

4. Create netting agreement

5. Create netting batch

Create a Dummy Bank branch and bank Account

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Now create a Bank

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Manage Bank Accounts: Account Owner and Use >
Create Bank Account: Account Information

Cancel | Back | Step 2 of 5 | Save and Next

Bank Name AP/AR NETTING   Branch Name   AP/AR NETTING FOCUS
Country   United States
* Indicates required field

* Account Name   FOCUS AP/AR NETTING
Alternate Account Name
Short Account Name
* Account Number   AP/AR NETTING
Check Digit
* Currency   USD
☑ Multiple Currencies Allowed
IBAN
Account Type
Account Suffix
EFT Number
Secondary Account Reference
Account Holder
Alternate Account Holder
Description
Start Date
End Date

In real life you will most likely enter a numerical bank account number here

This is a dummy bank account. In later slides you will learn why dummy account is required

ORACLE   Cash Management

Close Window Preferences Diagn

Manage Bank Accounts

Account Owner and Use
Account Information
Account Controls
Account Access
Account Contact

Manage Bank Accounts: Account Information >
Create Bank Account: Account Controls

Cancel | Back | Step 3 of 5 | Save an
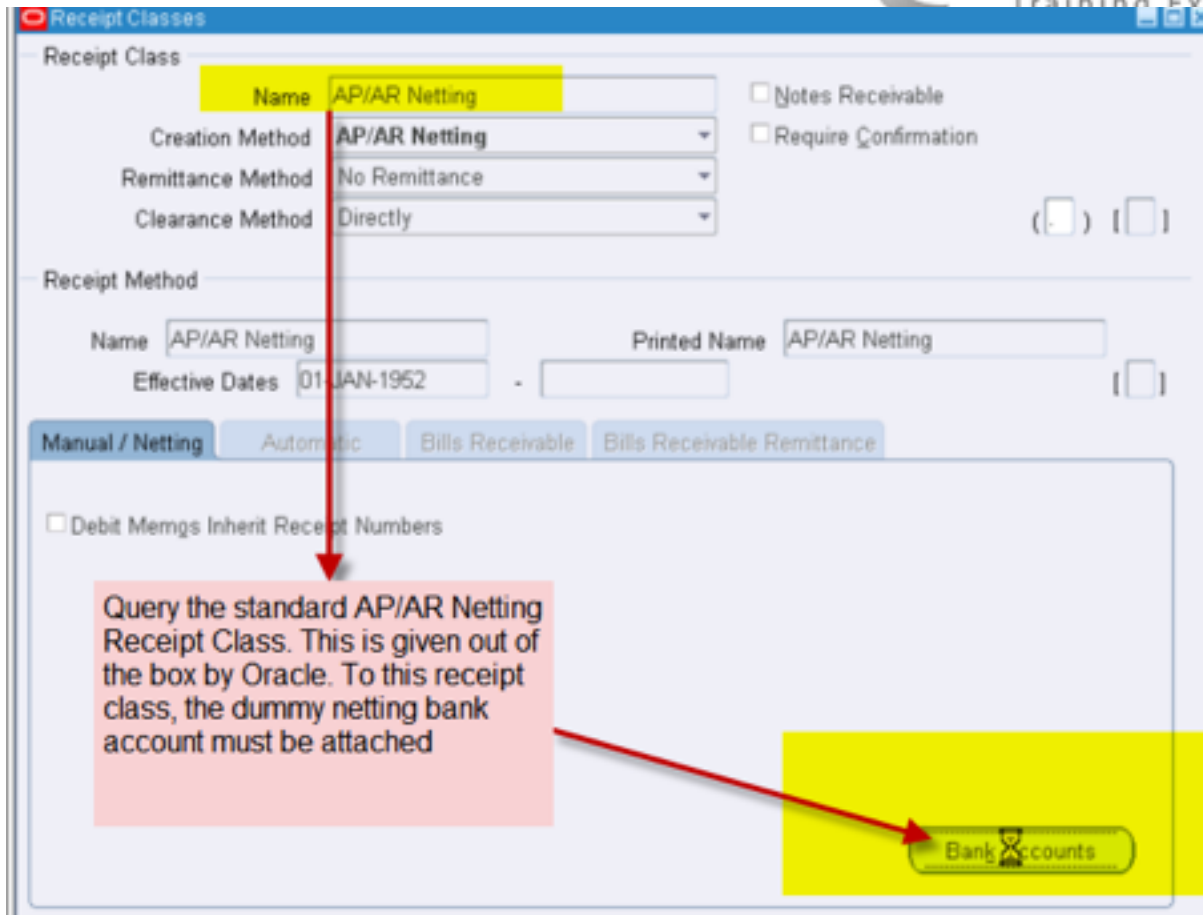
Bank Name AP/AR NETTING   Branch Name AP/AR NETTING FOCUS
Account Number AP/AR NETTING   Country United States
Currency USD
* Indicates required field

Our netting control account

...ral Controls

* Cash   20.000.10004.20.200.000   Cash Clearing   20.000.10004.20.200.000
Company Department Natural Account Intercompany Product Future1   Company Department Natural Account Intercompany

Bank Charges   Bank Errors
Company Department Natural Account Intercompany Product Future1   Company Department Natural Account Intercompany

...Exchange Charges   Agency Location Code
Company Department Natural Account Intercompany Product Future1

...Netting Account   Yes ▼

Use the Netting account

You must ensure that the Netting Account=Yes

...ent Controls
...um Target Balance   Maximum Target Balance
...um Payment Amount   Minimum Receipt Amount
Rounding Factor   Rounding Rule
...h Flow Display Order

...bles Controls

☐ Multiple Currency Payments   ☐ Allow Zero Payments

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Click on add organization access

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Receipt Classes

Receipt Class

Name AP/AR Netting   ☐ Notes Receivable
Creation Method AP/AR Netting   ☐ Require Confirmation
Remittance Method No Remittance
Clearance Method Directly   (.) [   ]

Receipt Method

Name AP/AR Netting   Printed Name AP/AR Netting
Effective Dates 01-JAN-1952 - [   ]   [   ]

Manual / Netting | Automatic | Bills Receivable | Bills Receivable Remittance

☐ Debit Memos Inherit Receipt Numbers

Query the standard AP/AR Netting
Receipt Class. This is given out of
the box by Oracle. To this receipt
class, the dummy netting bank
account must be attached

Bank Accounts

Receipt Classes

Remittance Banks (FOCUS1106(USD)) - AP/AR Netting, AP/AR Netting

Operating Unit	FOCUS
Bank Name	AP/AR NETTING
Account Name	FOCUS AP/AR NETTIN
Minimum Receipt Amount	
Clearing Days	
Effective Dates	30-MAY-2010

Branch Name	AP/AR NETTING FOCU
Currency	USD
Risk Elimination Days	
☐ Override Bank	
☐ Primary	[ ]

GL Accounts | Bills Receivable | Formatting Programs

Cash	20.000.10004.20.200.000
Receipt Confirmation	
Remittance	
Factoring	
Short Term Debt	
Bank Charges	
Unapplied Receipts	20.000.10004.20.200.000
Unidentified Receipts	20.000.10004.20.200.000
On Account Receipts	20.000.10004.20.200.000
Unearned Discounts	Unearned Discount
Earned Discounts	FOCUS3
Description	

Attach the netting bank account to the netting receipt class with the netting cash account that you created earlier during implementation

In case of netting, these accounts have no significance
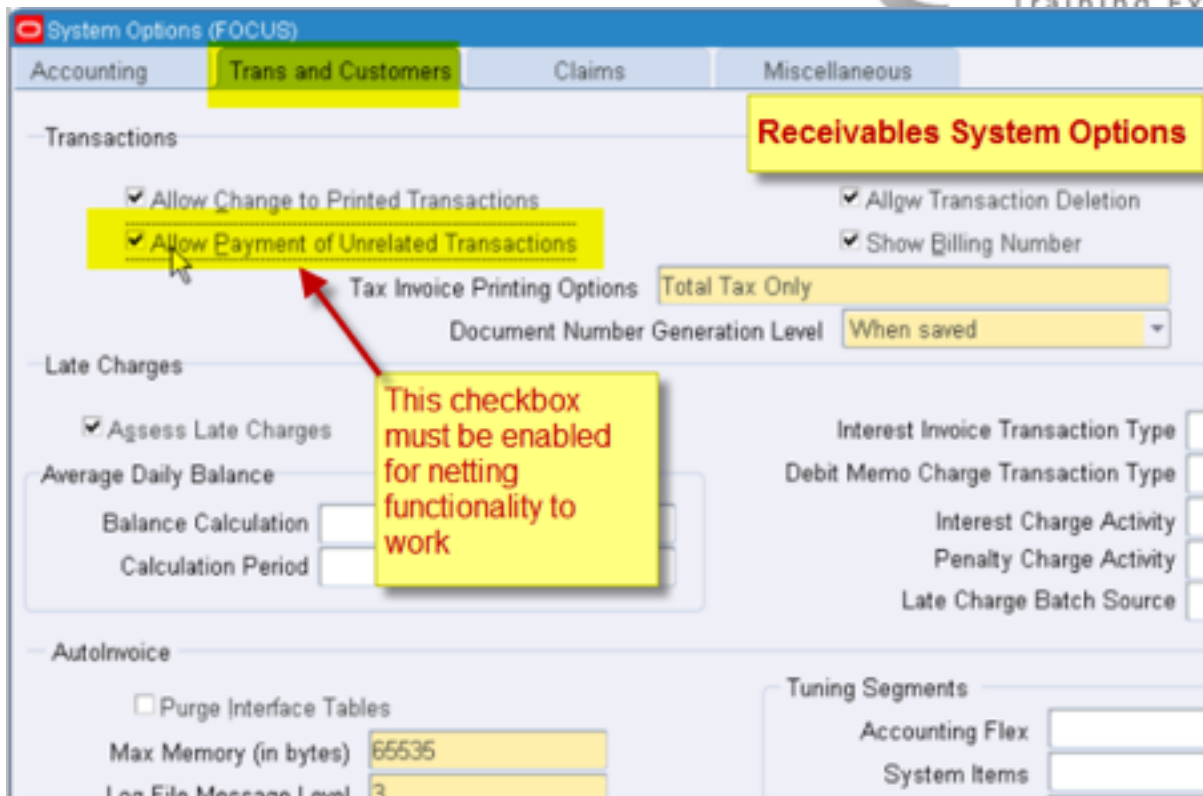
Now we need to create a customer
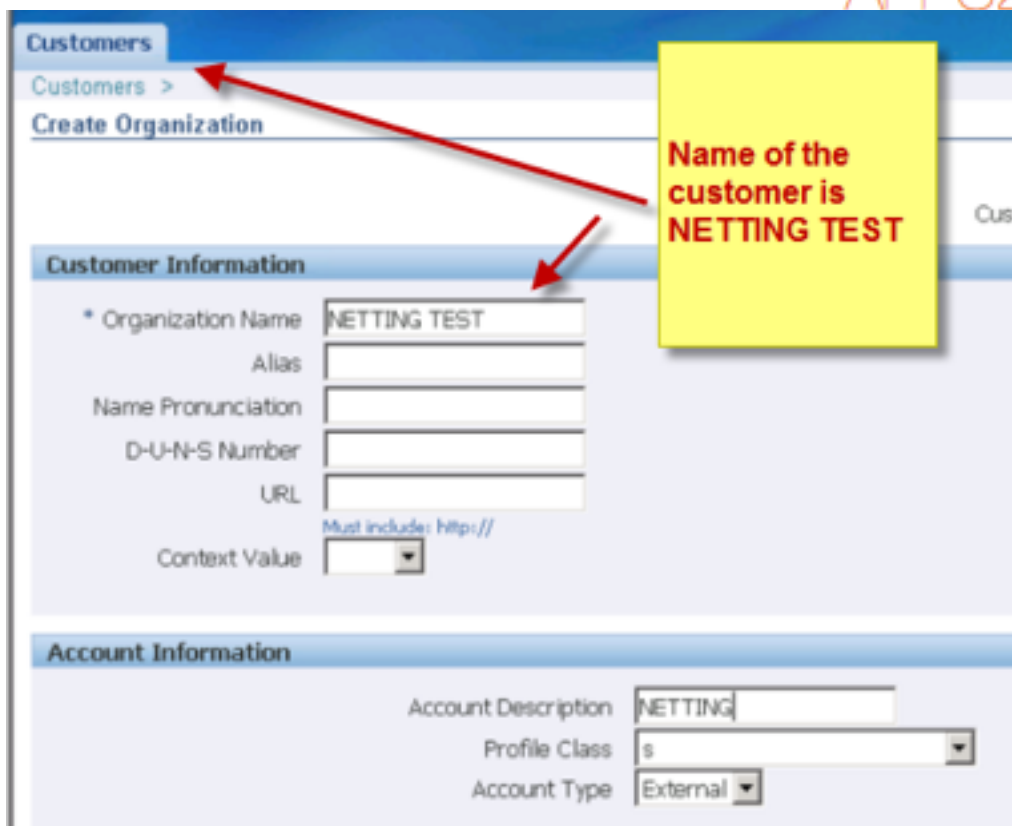
Create customer account site

Account Site Address

* Country Inida
* Address Line1
Address Line 2
Address Line 3
Address Line 4
City

Enter the address country and address lines

Address Line1 is mandatory

Enable the primary bill to pupose flag

Create customer account address

Business Purposes

Context Value

Purpose	Location	Bill To Location	Primary	Remove
Bill To			☑	🗑

Add Another Row   Primary

Account Site Details

Operating Unit FOCUS
Category
Territory
Translation
EDI Location

Click Apply

An account has been created as shown below

After creating the customer, now let us create a supplier for this example

Now create a supplier
using the Payables
Manager Responsibility
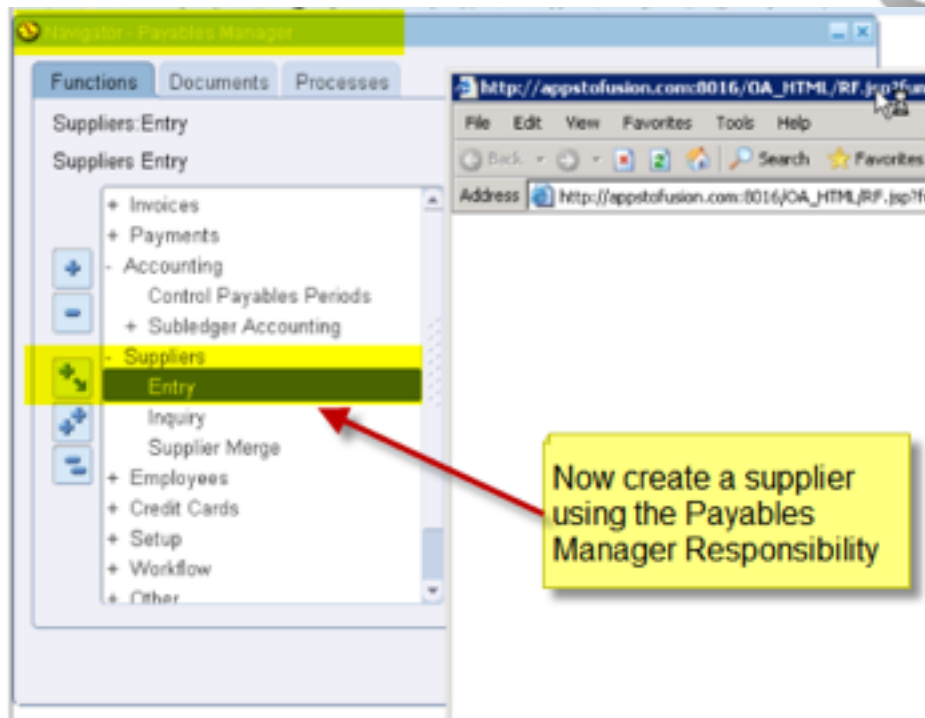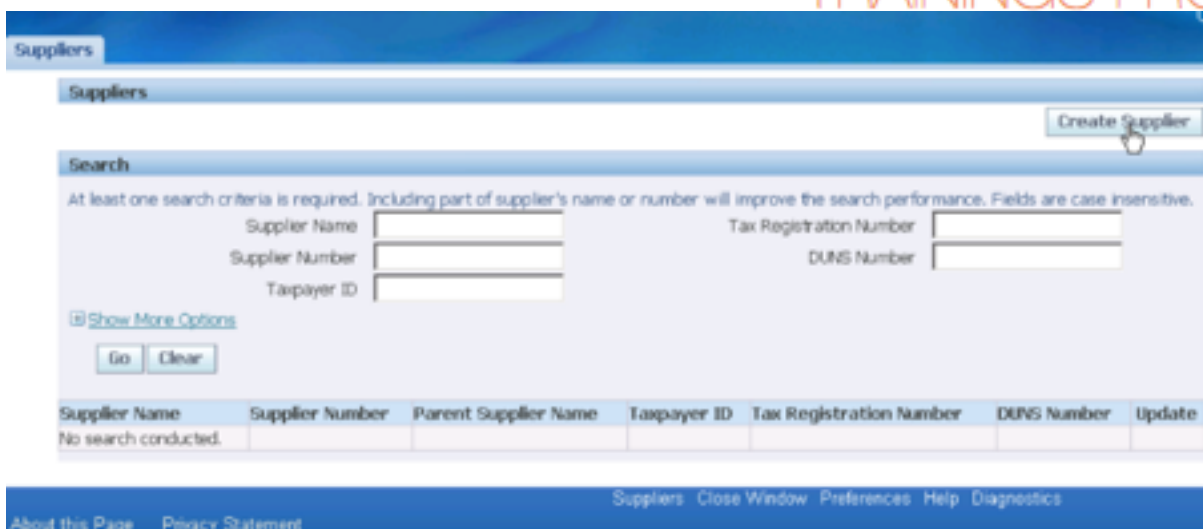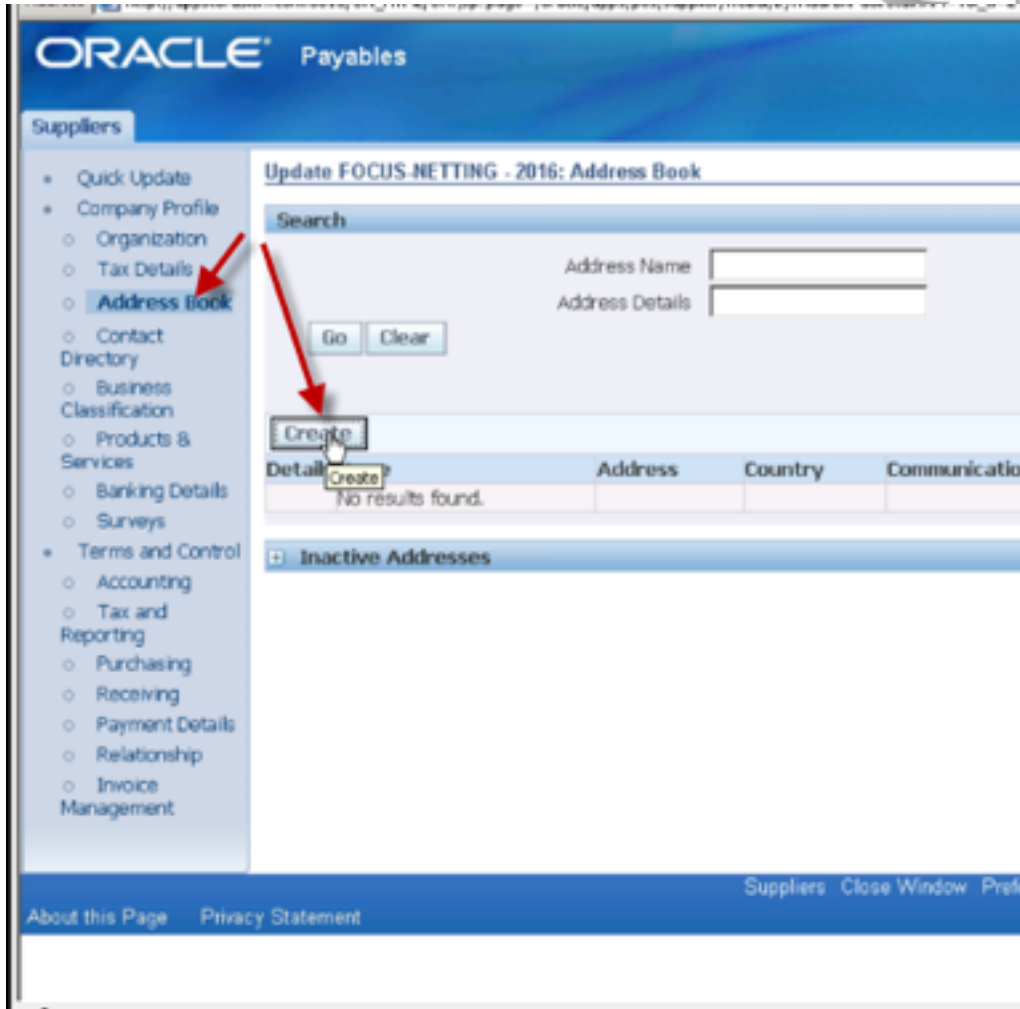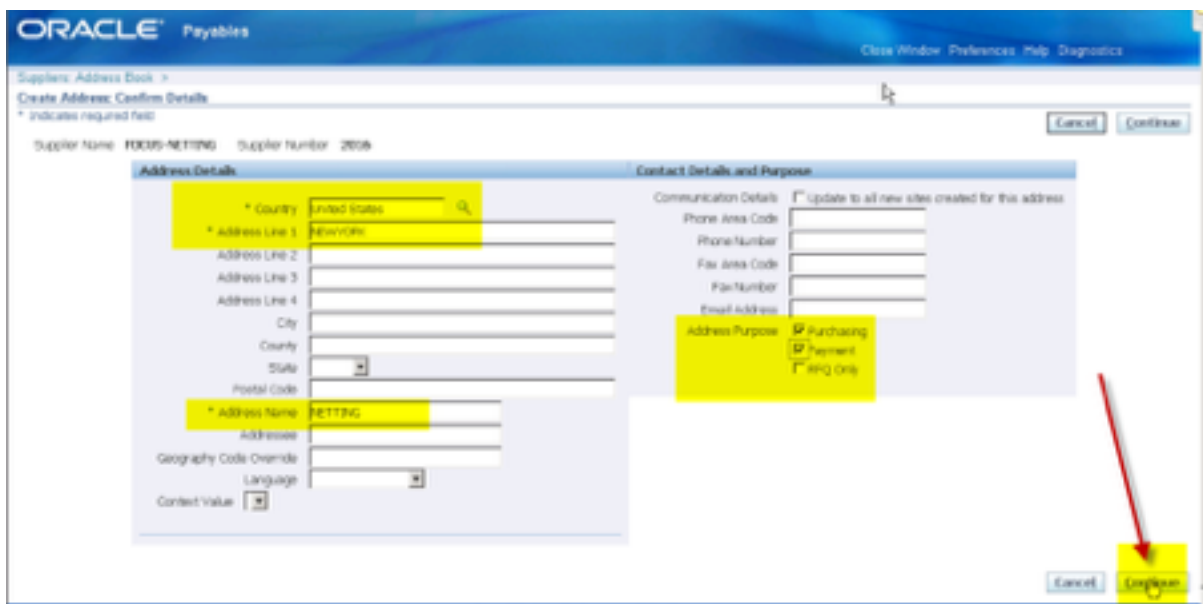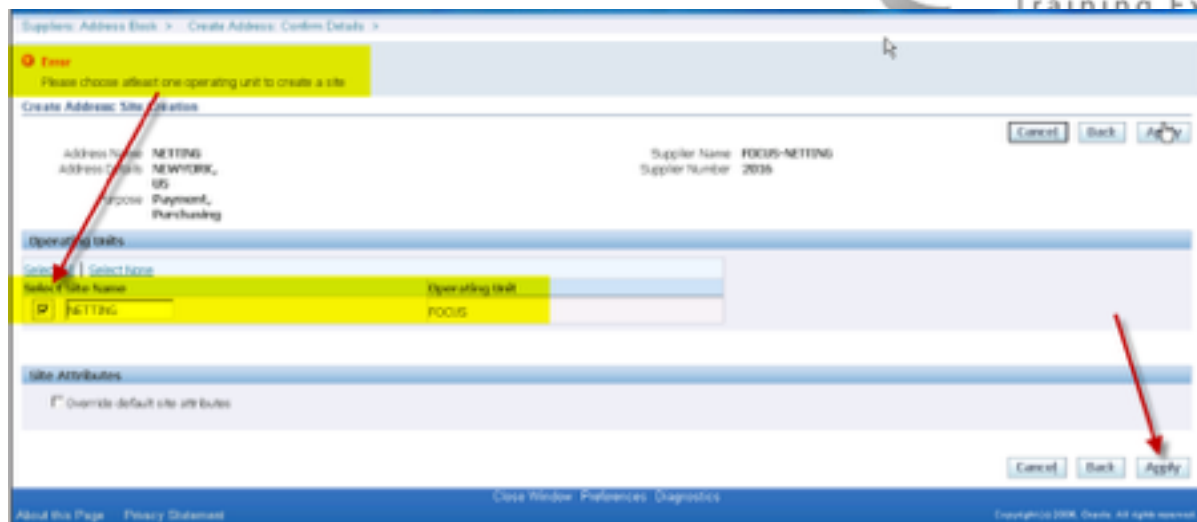
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Now, need to ensure that the checks payment is enabled.
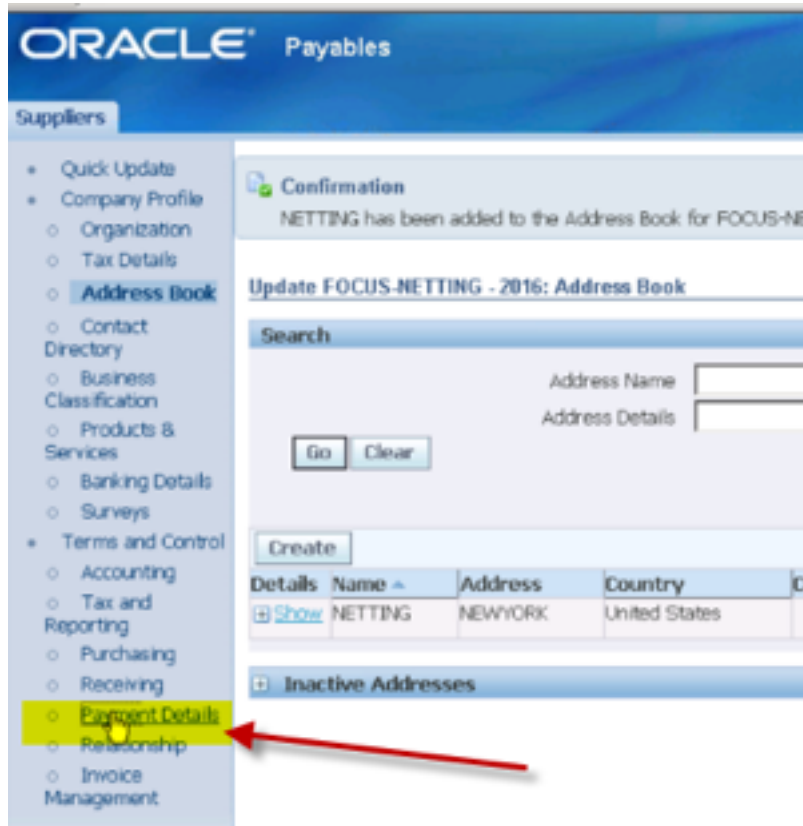
Payment method named check should be enabled.
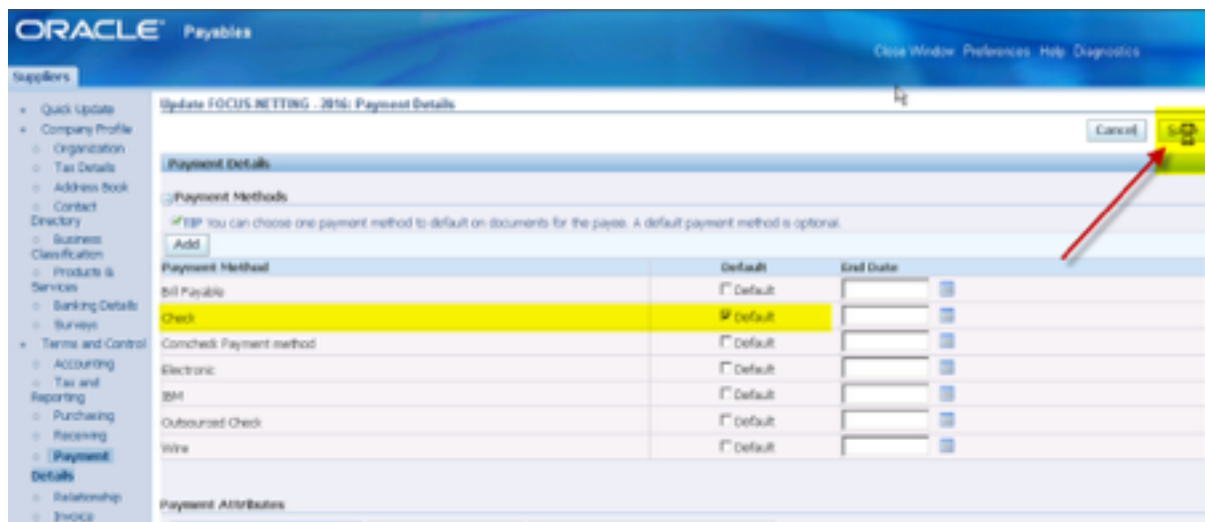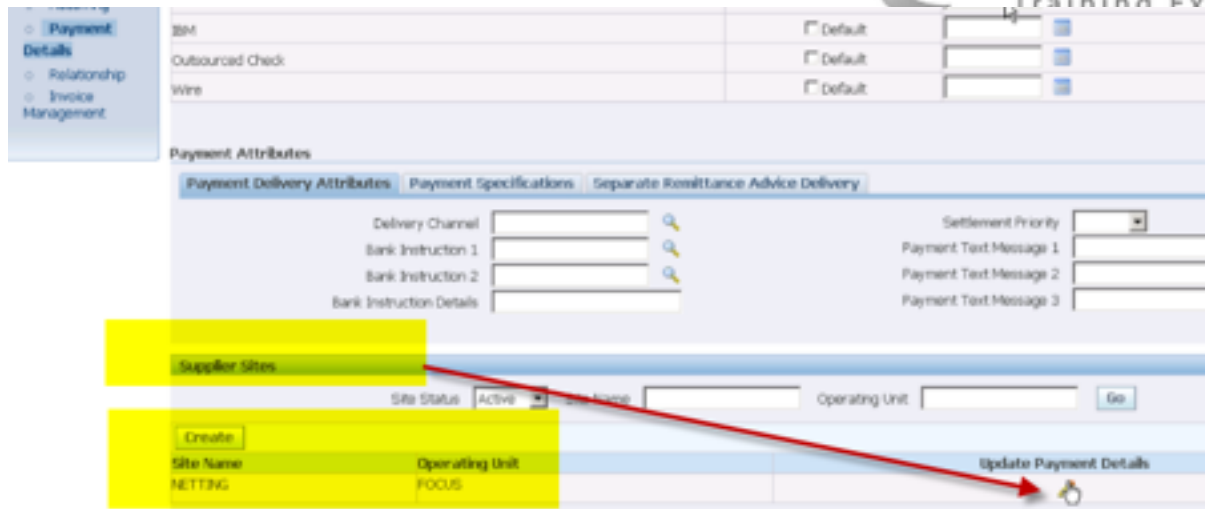
Save the check payment
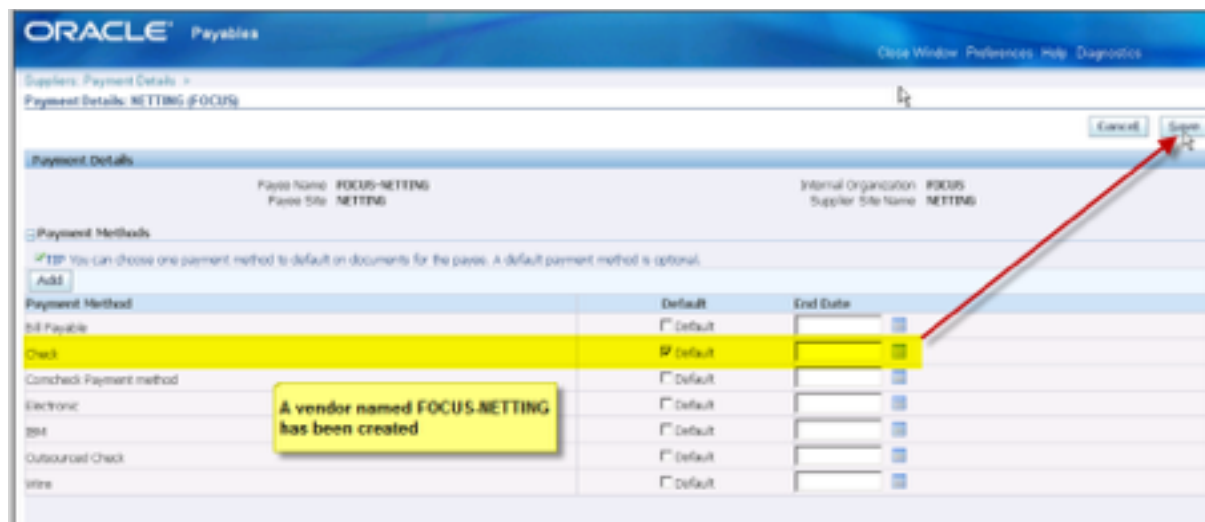
Next, we need to create a netting agreement between the supplier and the customer, so that netting can take place between any two given parties.

Use the menu option, as shown below.

When creating netting agreement, you can specify how many days worth of Past Due Items you would like to Net. Also you can specify netting ordering rule

Netting agreement window
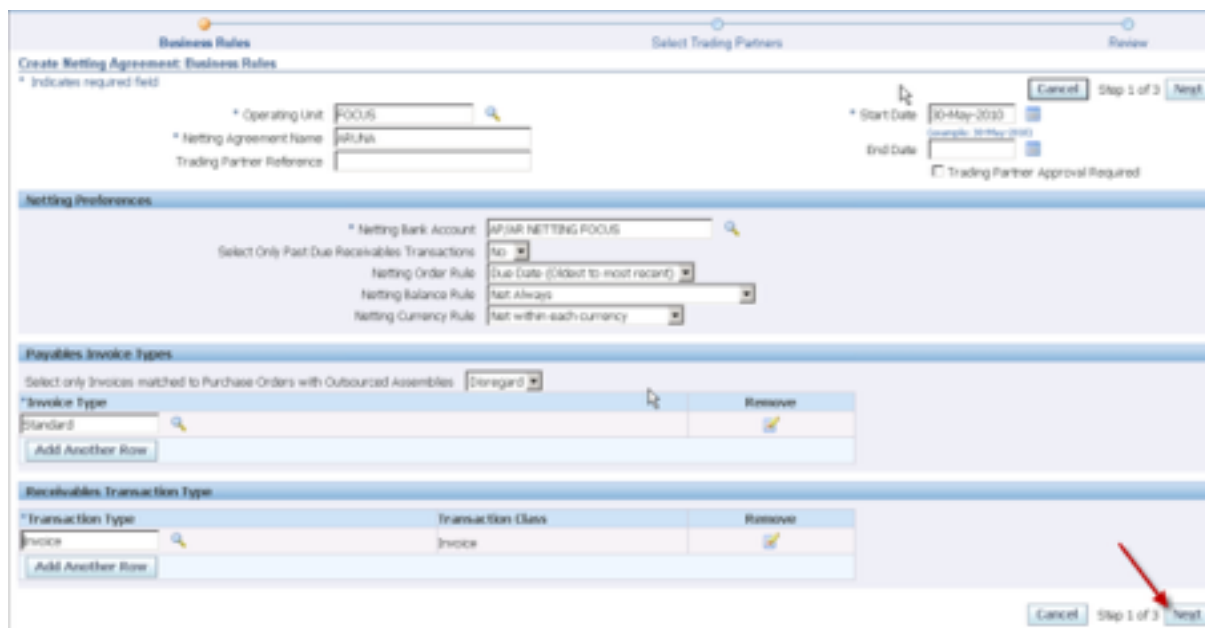
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Now the netting agreement has been created. You can now query and update the netting agreement as required.
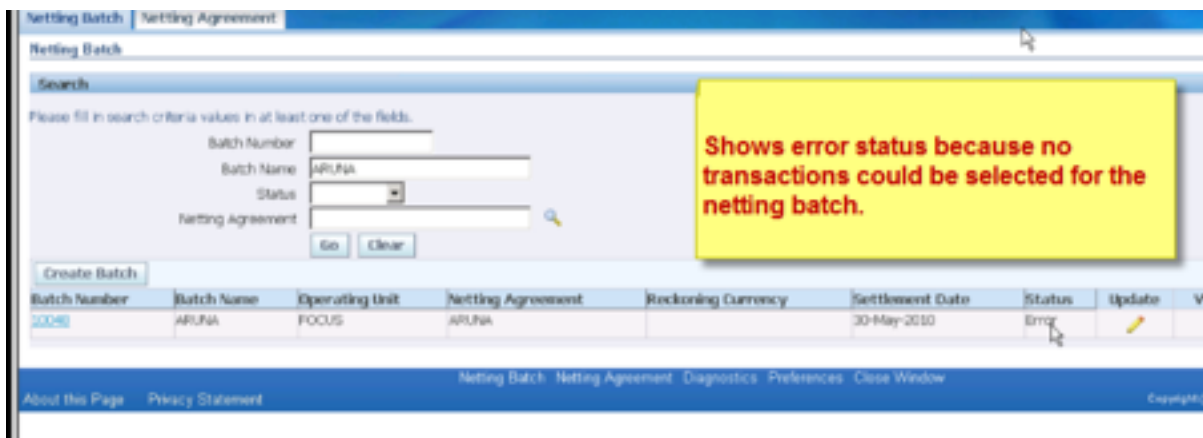
Now create a netting batch

This batch will go into an error because there are no invoices in payables or receivables yet for this customer or vendor.

Operating Unit   **FOCUS**
Netting Agreement   **ARUNA**
Start Date   **30-MAY-10**
End Date
Trading Partner Reference
Netting Bank Account   **AP/AR NETTING FOCUS**

Batch Number   **10048**
Batch Name   **ARUNA**
Reckoning Currency
Settlement Date   **30-MAY-10**
Transaction Due Date   **30-MAY-10**

Response Date
Proposed Netting Amount

Select Only Past Due   **No**
Days Past Due
Netting Order Rule   **Due Date (Oldest to most recent)**
Netting Balance Rule   **Net Always**
Netting Currency Rule   **Net within each currency**
Currency
Exchange Rate Type   **Corporate**

Not selected anything yet as there are no transactions yet

Shows error status because no transactions could be selected for the netting batch.

Now create Receivables Invoice

AR Invoice of 40,000

Complete this invoice

Now create AP Invoice of 50,000 in Payables
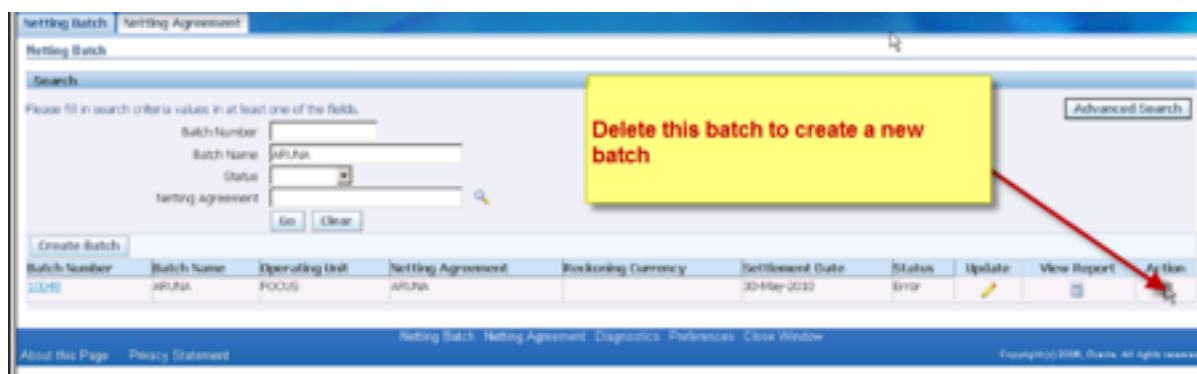
And now create a new batch
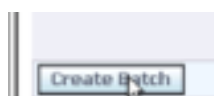
This time create a batch with name ARUNA1
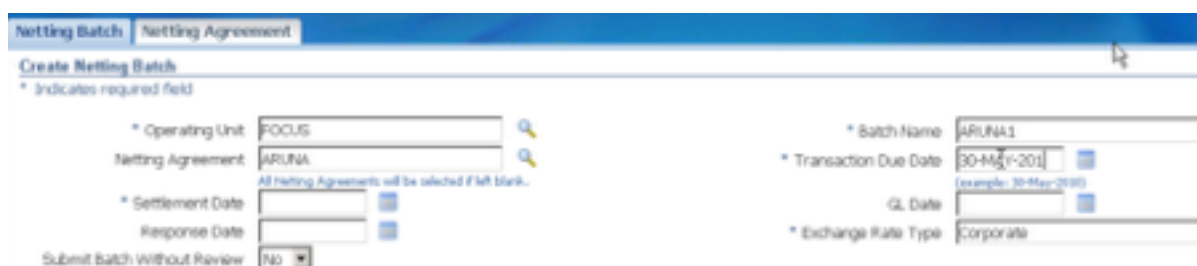
Netting Batch | Netting Agreement

View Netting Report

Template [Proposed Netting Report ▼]   Locale [English:United States (*) ▼]
(*) Default Template

[Run] [Export]

Operating Unit	**FOCUS**	Batch Number	**10049**
Netting Agreement	**ARUNA**	Batch Name	**ARUNA1**
Start Date	**30-MAY-10**	Reckoning Currency	**USD**
End Date		Settlement Date	**30-MAY-10**
Trading Partner Reference		Transaction Due Date	**30-MAY-10**
Netting Bank Account	**AP/AR NETTING FOCUS**	Response Date	
		Proposed Netting Amount	**40000**
Select Only Past Due	**No**		
Days Past Due			
Netting Order Rule	**Due Date (Oldest to most recent)**		
Netting Balance Rule	**Net Always**		
Netting Currency Rule	**Net within each currency**		
Currency			
Exchange Rate Type	**Corporate**		
Exchange Rate			

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This time netting amount is 40,000

Return to netting batch

Netting Batch Netting Agreement Diagnostics Preferences Close Window

---

Netting Batch | Netting Agreement

View Netting Report

Template [Proposed Netting Report ▼]   Locale [English:United States (*) ▼]
(*) Default Template

[Run] [Export]

NETTINO	Standard	30-MAY-10	50,000.00	50,000.00	USD	50,000.00	USD
		Totals	**50,000.00**	**50,000.00**	USD	**50,000.00**	USD

Customer	**NETTING TEST**		Customer Number	**5890**	Location		**13945**
Customer Taxpayer ID			Customer Tax Reg No.				

Transaction Number	Transaction Type	Transaction Date	Transaction Amount	Open Amount	Transaction Currency	Open Amount	Reckoning Currency
10068	Invoice	30-MAY-10	40,000.00	40,000.00	USD	40,000.00	USD
		Totals	**40,000.00**	**40,000.00**	USD	**40,000.00**	USD

End of Report

Return to netting batch

Netting Batch Netting Agreement Diagnostics Preferences Close Window
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You will notice that a receipt of 40,000 has been created in AR and applied.

You will notice that this auto created receipt was applied to our AR Invoice of 40,000/-

Run the payment batch now in Payables

Only 10,000/- payment will be processed

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