


# Accounting II - Simplified for You


## Receivables



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# Receivables

Money claims against its customers, individuals, other companies and organizations.



# Classification of Receivables

- Accounts Receivable
- Notes Receivable
- Other Receivables

# Accounts Receivable

- When the organization sells a product or provides a service ON ACCOUNT to customers.
- Terms are generally payable in 30 days
- Classified as Current Asset

Journal			
Date	Account Description	Debit	Credit
15-Aug	Accounts Receivable, XYZ, Inc	1,500	
	Service Revenue		1,500
	Record sales on account, terms 3/10, n/30		

Notes Receivable

- Amounts customers owe that is through a formal written instrument.
- Promissory note – borrower, lender, interest rate and time
- Generally used when customers debt is a sizable amount and outstanding for over 60 days.

Date	Account Description	Debit	Credit
15-Aug	Accounts Receivable, XYZ, Inc	1,500	
	Service Revenue		1,500
	Record sales on account, terms 3/10, n/30		
15-Sep	Notes Receivable, XYZ, Inc	1,500	
	Accounts Receivable, XYZ, Inc		1,500

PROMISSORY NOTE

THIS PROMISSORY NOTE is made by the undersigned party to the order of the party to whom it is payable for the sum of \$1,500.00 (one thousand five hundred and 00/100 dollars) on the date hereof.

Other Receivables

- Interest Receivable
- Taxes Receivable
- Loans Receivable

Uncollectible Receivables

- When customers DO NOT pay what is owed.
- Recorded as BAD DEBT Expense in the operating expenses.

Uncollectible Receivables

bill debt account

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Keep  
Educating  
Yourself

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