

Reading on Receivable Aging

The illustration below shows an *abbreviated listing* of the accounts receivable for Dry Supply at the end of 2017.

(Amount in Rs. '000)

Abbreviated Accounts Receivable Aged Listing for Dry Supply as of July 15, 2017 (from invoice date)				
Customer	0-30 days	31-60 days	61-90 days	Over 90 days
ABC Cleaners	4	6		
Any town Quick Clean				1
Better Cleaners		1	1	
Cleaners R Us	8	1		
...
...
...
Yours Next	3			
Total	105	8	2	2

Observation/Analysis

About 90 percent of Dry Supply's receivables are 30 days old or less, and the accounts shown appear to be paying in a timely manner, since they have few invoices older than 60 days. Only 2 percent of all accounts were seriously delinquent. Assuming that its credit terms are 30 days, Dry Supply's accounts receivable appear to be of a good quality. Furthermore, with access to the entire list, you can determine if there are any concentrations of receivables. Even without the entire list, problem or delinquent accounts are small and pose little risk. For the one account shown that is over 90 days past invoice issue date, Dry Supply appears to have not been making current sales until the delinquency is resolved. Or, it could be that current sales to Anytown Quick Clean have been paid and an older sale is under dispute.