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Accounts Receivable

Accounts receivable are amounts owed to you for normal business sales.

When you make a sale at a farmers' market, you usually receive cash at the same time you give the customer their purchase. When you deliver to a cooler or a restaurant or school, they usually ask you for an invoice, and say they will pay you later. The invoice is their record that they owe you money. Your copy of the invoice is your record that they owe you money.

If you enter the invoices into a standard double-entry bookkeeping system you will have a report of all your accounts receivable showing who owes how much, and when each invoice is due. It will also show you how much in total is due each week. This report is very useful for ensuring that you are paid on time, for helping you to identify customers who pay slowly, and for estimating your upcoming available cash.

You should review your accounts receivable reports at least monthly to ensure that you are being paid everything you are owed, and so you will know if any customers are often slow to pay and you can take steps to improve those relationships.

The information in your accounts receivable reports will also help you to accurately plan your available cash, because it will show you the typical times between when you make sales and when you actually receive payment.