

# Download Chapter 7 Cash And Receivables Pdf Pdf

With the direct write-off method, many accounting periods may come and go before an account is finally determined to be uncollectible and written off.<sup>4</sup> The control of working capital is ensuring that the company has enough cash in its bank. This will save on bank interest and charges on overdrafts. A business must carefully monitor its accounts receivable. This chapter has devoted much attention to accounting for bad debts; but, don't forget that it is more important to try to avoid bad debts by carefully monitoring credit policies.<sup>7</sup> Sale on Credit Kitten has found a buyer for her entire stock of makeup for £5,000, but the sale is made on credit, meaning that the buyer will pay for the goods in 2 months time (trade receivables).