Naden/Lean LLC
CPAs and Business Consultants

Accounts Receivable Claims

Accounts Receivable is defined as the amount of money owed to an individual, company or organization. Usually these receivables are incurred as a result of sales for goods or services provided by the individual, company or organization. Usually these services are provided to someone on a credit. Receiving accounts receivable on time improves cash flow, minimizes risk and the overall financial operations of a business. When an account receivable is claimed, cash is owed to the service providing company. Being owed account receivables could put some companies in debt, when this happens a claim is filed. Obtaining those receivables means preparing a policy and procedure manual as well as a credit application form. These processes need to be done in a timely manner because the longer the accounts go unpaid the harder they are to collect.

Having a collection department is rare for most small business so local collection and credit bureaus usually offer the collection service for free. This resource should be used only when needed. Another resource to understand is Check's Law and legally following the correct procedure to receive checks owed to the company. Ninety days is the longest any check should go unpaid for smaller businesses, any longer than ninety days and the check may be difficult to obtain.

Having a claim on these assets means that you have filed that someone owes you the money and has not paid at all or on time. In order for the account receivable to show up on the balance sheet as an asset it is important that the customer send an invoice or bill. This bill then makes the claim to the person(s) owing money.

Claims on accounts receivable ensure prompt resolution of customer deductions, disputes and returns. Validity on customer claims are determined and collection implementation is addressed in order to minimize claim issues.

http://en.wikipedia.org/wiki/Accounts_receivable

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