Sections 6.3 and 6.4

Cash Discounts - discount encouraging prompt payment

Net Cost = (List Price - Trade Discount) - Cash Discount

Ordinary Dating Method - most common discount

3\%/12, \text{n}/30 or 3\%/12, \text{net} 30

Pay within 12 days of invoice date

\text{n} or \text{net} - pay within \# of days behind

5/6, 2/19
<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>NPP-250S</td>
<td>1</td>
<td>64.68</td>
<td>64.68</td>
</tr>
</tbody>
</table>

Subtotal: $64.68

Sales tax: $0.65

Net total: $65.33

A discount of 0.65% may be taken if paid by 03/05/01.

Thank you.
An invoice is dated June 15 with terms 3/12, net 45. What day is the last day I can pay and get a discount and when should I have the bill paid?

\[
\begin{align*}
166 & \quad +12 \\
\underline{178} & \\
\text{last day to get} & \quad \text{June 27 disc}
\end{align*}
\]

\[
\begin{align*}
166 & \quad +45 \\
\underline{211} & \\
\text{last Day to} & \quad \text{Pay} \\
\underline{July 30} & \\
\end{align*}
\]
An invoice is dated Feb 23 with terms 3/8, net 30 for $673.30 with $28.90 in shipping and insurance. If the bill was paid Mar 1, what should it be made out for? What about Mar 19?

\[
\text{Feb 23 → 54 - 18 = 36 \hspace{1cm} March 3}
\]

\[
\text{Mar 1:}
673.30 \times .97 = 653.10
+ 28.90
\]
\[
\begin{array}{c}
682.00
\end{array}
\]

\[
\text{March 19:}
673.30 + 28.90 = 702.20
\]

**Postdating "AS OF"** - used to give buyer more time to pay the bill with shipping delays or slow accounting

An invoice passes by your desk with a date of "4/22 AS OF 5/10" and terms of "5/12, net 30." If I write the payment on May 21, what should I make the payment for with an extra $15.20 for shipping?

\[
\text{May 10 → May 22 last day for disc}
\]

\[
300 \times .95 = 285
+ 15.20
\]
\[
\begin{array}{c}
300.20
\end{array}
\]
An invoice has terms of 5/10, 3/20, 1/30, n/45. If the invoice is dated May 13, what is the date for each term and how much would I pay on the $675 bill?

May 13 → 133
5%: May 23 143
3%: June 2 153
1%: June 12 163

Paid by June 27 178

$675 \times .95 = 641.25$
$675 \times .97 = 654.75$
$675 \times .99 = 668.25$

$\times 675$

No n terms - if there is not a net term listed it is assumed payment is due 20 days after the last discount date.
Section 6.4

End of Month (EOM) - also called proximo or prox.

5/15 EOM  or  5/15 prox  or  5/15 pr

Anything dated the 26th OR LATER in the month, it carries to the next month.

John has an invoice dated March 18 with terms of "3/10 EOM." The invoice is for $2979. What is the last day to get the discount and how much will he save if paid before then?

March 18  \[\text{Last Disc Day}\]  April 10

\[2979 \times 0.03 = \$89.37\]
Receipt of Goods (ROG) - allows for long shipping times, time starts when the goods are received

Jill has an invoice dated December 18 with terms of "4/20 ROG." The invoice is for $4279. The goods arrive on January 20. What is the last day to get the discount and how much will he save if paid before then? What is the last day to pay?

\[
\text{Jan 20} \rightarrow 20 + 20 = 40 \rightarrow \text{Feb 9}
\]

\[
4279 \times 0.04 = 171.16
\]

Extra dating (extra, ex, or x) - gives the buyer additional time to get discount

5/10-30 extra 5/10-30 ex 5/10-30 x

John has an invoice dated September 23 with terms of "3/10-20 x." The invoice is for $479. What is the last day to get the discount and how much will he save if paid before then?

\[
\text{Sept 23} \rightarrow 260 + 30 < \text{Oct 23} 296
\]

\[
479 \times 0.03 = 14.37
\]
Partial Payment - taking advantage of the percent savings but not being able to pay in full

Sasha got an invoice on Feb 11 for $2680.25 with terms of "4/10 pr." She cannot afford to pay the whole bill but sends $1500 on Mar 5. How much is she credited, how much does she still owe, and what did the partial payment save her?

\[
\frac{1500}{.96} = \$1562.50
\]

\[
2680.25 - 1562.50 = 1117.75
\]

save $62.50

---

The Coffee Corner receives an invoice amounting to $363.40 with terms of 5/7, net 46. The invoice is dated 8/9 AS OF 9/2. If a partial payment of $288.40 is made on 9/6, find the credit for the partial payment and the balance due on the invoice.

The credit for partial payment....

The balance still due...