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An account sub ledger that records the amounts that an individual or a company owes the supplier is referred to as accounts payable. These types of files which record forms of debts are also known as trade payable. Every invoice is added to this account sub ledger or file as soon as they are received and is removed only when payment is made. Considering the nature of its function, accounts payable can be considered as a credit that is given to the customers by the suppliers which allows the customers to receive a product or service first and pay for it later.

Nowadays accounts payable files are finding their application in a variety of realms. Accounts payable method is used by suppliers in transactions involving organizations, companies and even simple households. Bills from Telephone Company, electric company, magazines subscription etc and other ordinary bills of basic services are generally the accounts payable in household. Contrary to the case of households, businesses have much larger number of services in the accounts payable file. Professional accountants and book keepers are assigned to handle the accounts payable in case of most businesses.

Monitoring the flow of money into the debt accounts when the invoices are received and out of them when the payments are made is a challenging task. Accountants and book keepers mostly rely on accounting software to maintain such accounts payable files. To ensure the authenticity of these account audits are conducted at regular intervals. Auditors make sure that permitted invoices and outflow reports exist. They also verify the existence of documents to support the cheques that were cut. The confirmation statement from the supplier is considered to be a credible proof for the existence of the A/P account. In case of situations where the auditors see the possibility of fraud, they increase the sampling size.

Accounts receivable services, even though it sounds similar to accounts payable services is different from it in the sense of its function. Account receivable refers to the money that a client owes to the business. On a balance sheet it is shown as an asset. Accounts receivable generally deals with the billing of the goods and services that the customer has ordered. The ledger used for this department records the total funds received for commodities, services or sales the company made etc. Ledgers serving such purposes are sales ledgers and the accounts receivable departments make use of them.

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