Business Mathematics
Class notes
Cash Discounts: Other Dating Methods and Partial Payments (section 7.4)

As before, we are figuring final discount and net payment dates. However, we will encounter many abbreviations whose meanings can be tricky. We will go through them one at a time.

**End-of-Month (EOM) or Proximo (prox.) Dating:**

The terms of an invoice might be 3/10 EOM, or equivalently, 3/10 prox. This means that the final discount date is ten days after the end of the current month, *not* counted from the invoice date. The 3 still represents the discount percentage of 3%.

There is one small caveat. If the invoice is dated the 26th of the month or later, we will add a whole month to the due dates.

expl 1: Find the (final) discount date and the net payment date. The net payment date is 20 days after the final discount date unless stated otherwise.

Invoice date: July 6
Terms: 2/10 EOM
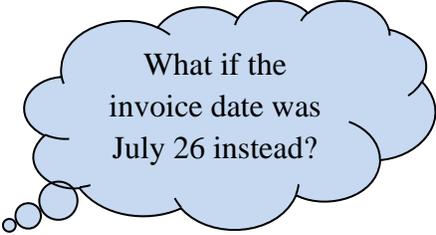
Receipt-of-Goods Dating (ROG):

Here, due dates are determined by the date the goods are *received*, *not* the invoice date. They do this for items that have long shipping times.

expl 2: Solve for the amount of the discount and the amount due. Round to the nearest cent.

Invoice amount: $2,847.90
Invoice Date: March 29
Terms: 2/15 ROG
Date Goods Received: April 15
Date Invoice Paid: April 29
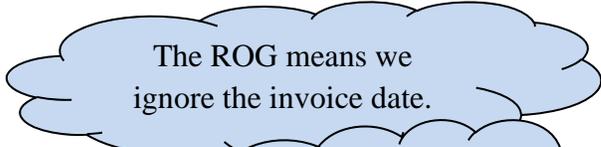
The ROG means we ignore the invoice date.

So did they pay in time to get the discount?

Extra Dating (extra, ex., or x):

Here, the buyer gets extra time on top of the normal discount time. For instance, a seller may give extra time for holiday merchandise so the buyer can still take the discount after the holiday selling period. That way, they can sell the merchandise before paying the bill.

expl 3: Find the (final) discount date and the net payment date. The net payment date is 20 days after the final discount date unless stated otherwise.

Invoice date: April 12
Terms: 3/15–50 ex.
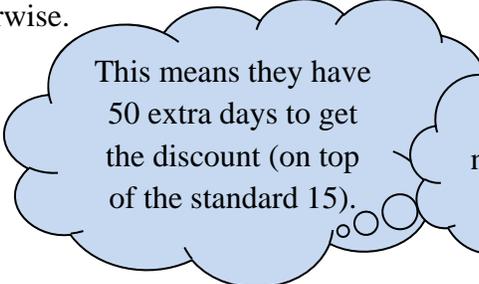
This means they have 50 extra days to get the discount (on top of the standard 15).
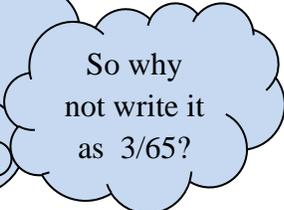
So why not write it as 3/65?

Partial Payments:

Of course, sometimes bills are paid in multiple payments. If a partial payment is made before the final discount date, they get credited for having the discount on the amount they paid. Below are the steps we need to figure what is owed.

Procedure for Finding Balance and Credit Earned after Partial Payment:
This only applies if the partial payment was made before the final discount date. Check that first.

1. Find the complement of the discount percent, in decimal form.

2. Divide the partial payment by this complement. This is the **credit earned**.

3. Subtract the credit earned from the invoice amount to find the **balance due**.
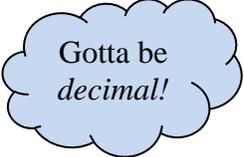
Gotta be *decimal!*

expl 4: A recent invoice has terms of 3/15 – 30 x and is dated May 20. The amount of the invoice is $4,402.58. A partial payment of $3,250 is made July 1. Find the following.
a.) the credit given for the partial payment, and
b.) the balance due.
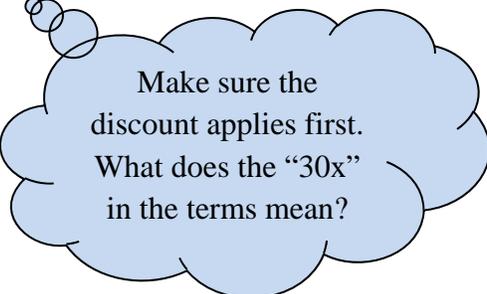
Make sure the discount applies first. What does the "30x" in the terms mean?

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