

Projecting Payments on Ongoing Credit Card or Payables Debt

Very often, credit cards and payables (and often other short term debt) will continue on an ongoing basis through a projected period. An example would be a farm credit card that is revolved monthly, and as such, the amount owing month over month is never reduced, and no interest is ever paid. In those kinds of situations, reporting repayment terms would show that the account is being repaid, and unless projected new current debt is shown in the New Current Liabilities section at the bottom of the Cur-Liab Page, the projections would show a reduction of debt that will not in reality happen.

If the specific current liability is at a typical amount, and it is expected it will revolve to approximately that amount month over month in the projected period, and repaid monthly, for example, in time frames that will result in no interest being charged, it is suggested that the liability be shown to not have any projected repayment requirement or interest rate. An example of how the entry would look follows:

Loan Creditor	Credit Limit Date Last Int	Security For Loan	Deposit Interest Rate:				Accrued Interest	First Payment Amount	First Payment Date	Second Payment Amount	Second Payment Date	Third Payment Amount	Third Payment Date	Fourth Payment Amount	Fourth Payment Date	Interest Expense This Year	
			Amount Outstanding	Days Out.	Interest Rate												
Operating Loan						-											0
Feeder Line						-											0
Feeder Associations				0		-											0
Feeders				0		-											0
				0		-											0
CredCo Credit Card	31-Dec-14	unsecured	10,000	1	0.00	-											0
				0		-											0
				0		-											0
				0		-											0
				0		-											0
				0		-											0
Totals:			10,000			-	0		0		0		0		0		0

The theory behind this approach, is that although the debt will be repaid monthly, for example, it will also be reborrowed monthly, so, there will be no net change in the debt, or interest charged during the projected year. Of course, if this is not what is expected to happen, then repayment would need to be recorded differently.

The following Net Worth Summary page shows the impact of this entry on this debt over the projected year:

Net Worth Change Summary:					
	Date:	31-Dec-15	Expected	01-Jan-15	0
Current Debt:					
Operating Loan		0	0	0	0
Feeder Line		0	0	0	0
Feeder Associations		0	0	0	0
Feeders		0	0	0	0
-		0	0	0	0
Other Current Debt		10,000	0	10,000	
Accounts Payable		0	0	0	
Arrears Interest		0	0	0	
Arrears Principal		0	0	0	
-		0	0	0	
-		0	0	0	
-		0	0	0	
-		0	0	0	
-		0	0	0	
-		0	0	0	
-		0	0	0	
-		0	0	0	
-		0	0	0	
Accrued Interest		0	0	0	
Current Portion Term Debt		0	0	0	
Total Current Debt:		10,000	0	10,000	