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Analysis of Accounts Receivable System in Accounting

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ABSTRACT
Companies often have difficulty collecting receivables from customers. If the internal control system is not implemented clearly and firmly, this will have an impact on the accumulation of receivables. Often receivables that are difficult to collect have a risk of uncollectible receivables which have an impact on reducing profits or profits. The method used in writing this article is library research, namely a method of collecting data by understanding and studying theories from various literature related to the research. The type of data used in this research is secondary data, namely data that comes from the results of existing data publications.
Keywords: System, Accounting, Receivables.

INTRODUCTION

Accounting systems help companies keep track of the money and goods that the company has. A receivable is when someone owes money to a company for goods they bought on credit. But sometimes, people don't pay back all the money they owe, which can be bad for the company. To avoid losing money, companies need to have regulations in place to ensure everything runs smoothly. When a company has good internal controls, it helps them do their job well and be successful. This includes keeping track of the money owed to them and making sure they don't lose money because customers don't pay on time. Internal controls also help prevent fraud from the company and help them stay on top of late paying customers. Having a system in place to manage money owed and ensure everything is done correctly helps the company achieve its goals.

Management needs to keep an eye on how well their rules and plans are being followed, even if the company's financial system is doing well. They use internal control systems to make sure everything goes according to plan and help the company achieve its goals. This system helps the company follow its policies effectively. However, implementing this system may be difficult, especially when it comes to collecting debts to the company. If the internal control system is not strong, it can cause problems such as unpaid bills that can hurt the company's profits. This research aims to help people understand how accounting information systems work, particularly accounts receivable systems, and how they can be used effectively in business. From the explanation above, the author will discuss the "Accounts Receivable System in Accounting"

LITERATURE REVIEW

Definition of Accounts Receivable Accounting System

Accounting information system is a system that utilizes data and transactions to produce information for the purpose of planning, controlling, and operating the company [1]. Accounting information system is a system that utilizes data and transactions to generate information for the purpose of planning, controlling, and company operations [2]. An accounting information system can be defined as a collection of components, procedures, and records used to process financial data and produce financial reports that are of value to various stakeholders. Receivables refer to monetary amounts billed to customers for the sale or provision of products and services to existing consumers, resulting in debts to be paid by customers or other entities in future periods [3]. An accounts receivable accounting system, as defined above, is a complex entity used by organizations to effectively handle and track receivables generated from credit sales.

METHODS

The methodology used in the preparation of this paper is library research, which is a systematic approach to collecting data by understanding and analyzing theories from various literature sources relevant to the research topic [4]. This research uses secondary data, namely data obtained from previously published research results. The data collection process is carried out using a source finding approach, namely by collecting data from various sources such as books, journals, and previous research. This desk research approach involves several important steps. First, identification of the research topic and determination of relevant keywords to be used in the literature search. Second, literature search from various reliable sources, such as libraries, academic databases, and recognized online sources. Third, evaluation and selection of the literature based on the relevance and quality of the information provided. Finally, analysis and synthesis of data from various literatures to support the thesis and ideas developed in this paper[5].

The literature used in this study comes from various references that are reviewed in depth to provide strong theoretical and empirical support. These sources include academic books, journal articles, research reports, and other relevant documents that have been widely recognized in the relevant field of study. By using secondary data from existing literature, this research can provide a comprehensive and in-depth perspective on the topic at hand. Through the desk research method, researchers can access and utilize knowledge that has been accumulated by experts in the field. This allows researchers to build a strong theoretical framework, identify gaps in the literature, and develop arguments supported by empirical evidence. Thus, this research can make a significant contribution to the theoretical and practical understanding of the field under study[5], [6].

RESULTS AND DISCUSSION

An accounting information system consists of a series of components or elements that contain data, messages, and graphics related to accounting. These parts cannot be separated from one another. Therefore, the accounting information system has its own cycle [7]. The accounts receivable accounting system is a procedure for recording the mutation of a company's receivables from each debtor. Receivables are bills to other parties that arise due to lending or selling on credit [8].

Receivables Recording Procedure

In this procedure, recording receivables aims to record mutations in customer receivables. The procedures include, [9]:

a. Mutation of receivables
   1. Credit sales: Credit sales add and/or increase the value of receivables 2) Cash Receipts: Cash receipts from debtors that will result in a reduction in receivables due to payment or disbursement.
   2. Returns: Returns that result in a reduction in receivables due to the return of goods by the debtor.
   3. Write-off of receivables: Write-off of receivables results in the reduction of receivables due to the write-off of uncollectible receivables from customers for any reason.

b. Documents used/evidence of transactions
   1. Sales invoice This document is used as the basis for recording receivables from credit sales. The sales order function is responsible for issuing this document.

2. Proof of cash inflow. This document is used as the basis for recording the reduction of receivables from debt settlement transactions by debtors. The person authorized to issue this document is the Cash Receipt function.
3. Credit Note This document serves as the basis for recording return shipments (source document) issued by the sales order function.
4. Proof of memory. This document is the basis for recording transactions in the general ledger, especially transactions to derecognize receivables. The reminder is issued by the credit function after approving bad debts.

Method of Recording Receivables

Recording receivables can be done using several methods. The following is the method of recording accounts receivable according to [10].

1. Conventional Method The process of posting to the receivables card is done by utilizing the information documented in the journal. As depicted in the picture below, it is clear that recording with this approach is done by relying on the information in the journal.
2. Utilize the direct posting option to transfer funds to the receivables card. This method involves direct and itemized posting of sales invoices, which serve as the basis for recording receivables, to the receivables card on a daily basis. The following are the details: a. The sales journal is finalized by recording the aggregate value of daily sales, which corresponds to the number of sales invoices issued in a single day. b. The Accounts Receivable Department receives sales invoices from the Billing Department in batches along with a completed register tape. c. The quantity of sales invoices documented on the completed register tape is registered into the sales diary. d. Next, the journal is regularly sent to the accounts receivable card. Subsequently, the journal is regularly sent to the accounts receivable card on a monthly basis. d. Sales invoices are documented in the accounts receivable ledger. In addition, every month, the journal is recorded in the ledger to update the accounts receivable control account. A comparison is then made between the accounts receivable control account and the trial balance, which is created using information from the accounts receivable card.
3. Bookkeeping approach without ledger This technique of recording receivables does not involve the creation of an accounts receivable subsidiary book. The Accounts Receivable Department organizes sales invoices and accompanying documents, received from the Billing Department, by customer name in the unpaid invoice file.
4. The Recording Method in documenting receivables uses a batch system. In a batch system, source documents covering changes to receivables are collected and posted simultaneously every day to ensure that receivables records are always up-to-date. In a computerized system, there are two different types of records generated: transaction files and master files.

Statement of receivables

According to [11]. A statement of receivables is a document that displays the total amount of debt owed on a specific date and may include other information in several versions of the report. The accounts receivable report can be presented in various formats:

1. Account balance report at the end of the month the accounts receivable report only displays the outstanding amount owed by the debtor at the end of the month. The process of generating the month-end balance report is straightforward, but it does not provide details to debtors on the reasons for the difference between the balance shown on the accounts receivable report and the balance recorded in their records.
2. Unit Report This accounts receivable report includes:
   a. the beginning balance of the debtors' accounts payable at the beginning of the month,

b. any changes in debits and credits during the month, accompanied by a thorough explanation for each transaction, and
c. the ending balance of the debtors' accounts payable at the end of the month. The purpose of this accounts receivable report is to serve as a comprehensive record of all outstanding amounts.

3. Running Balance Statement using Traditional Accounts The accounts receivable procedure is identical to the unit statement. The difference between the unit statement and the running balance statement in traditional accounts lies in the posting technique and the information contained in the accounts receivable records.
4. Unpaid Invoice Statement (open item statement) This type of receivables statement includes a list of unpaid invoices from debtors as of a certain date, along with the invoice date and the corresponding amount in rupiah. This type of receivables statement can be used when the client is obligated to pay the amount stated in the invoice.

CONCLUSION

Receivables are frequently encountered transactions that involve providing products or services on credit. Receivables can arise from transactions that the company conducts with potential buyers. Any credit purchase can provide benefits to potential buyers and increase the number of potential buyers. Collection of receivables is essential as it facilitates capital turnover for the organization, as receivables have the capacity to generate cash. Effective receivables management is essential as it allows management to generate cash for the smooth operation of the company. Receivables are classified as short-term receivables if paid within fourteen days, and long-term receivables if payment is made after sixty days.

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