

## Accounts Receivable Accounting System

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### ABSTRACT

This article discusses the accounts receivable accounting system. The receivables accounting system aims to record mutations in the company's receivables from each debtor, which occur due to credit sales transactions, sales returns, cash receipts from receivables, and write-offs of receivables. In this research, the library research method was used, collecting data by searching for sources and constructing them from various sources such as books, journals and existing research. The result is that qualitative research is carried out with a research design where the findings are not obtained through statistical procedures or in the form of calculations, but rather aims to reveal phenomena holistically-contextually by collecting data from natural settings and using researchers as key instruments. It is hoped that this research can help future researchers and companies pay attention to the accounts receivable accounting system as a whole regarding the weaknesses of the current system so that they can overcome possible irregularities and make improvements in order to increase company value for the company's progress in the future.

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## 1. INTRODUCTION

In the current era of technology, science and technology are developing rapidly so that they can cause competition in the business world. Business challenges in the technology era are digital transformation, service speed, human resources who have sufficient skills related to information technology, an ever-changing society, increasingly high competition, and lack of leadership support. One of the uses of technology in the trading business is trading in the form of business E-commerce. Companies as business people always keep up with the changing times in order to survive in the fierce competition.

A company is a business entity engaged in services, trade, or manufacturing that is established by one or several people with the aim of making a profit. In fulfilling these goals, every company is required to improve work performance and is expected to be able to manage its management more effectively and efficiently. One of the factors supporting the success of management is the use of facilities that follow the development of information technology such as the use of accounting information systems, so that management can process company data more regularly, accurately, and on time. The management of a good accounting information system by the company can help management in making the right decisions for

the company's progress. The largest companies' revenues are usually sourced from receivables. Receivables are an important element in a company; therefore, it is necessary to implement an accounting information system that supports the management of receivables so that the management of receivables can run properly and correctly in order to avoid fraud committed by employees and will certainly reduce the risk of bad loans from trade receivables. For this reason, companies need to do many things to maintain business continuity and achieve predetermined goals. Companies must ensure that the goods or services produced are accepted by the public and do not forget that the goods or services sold must have their own attractiveness in order to attract market share.

Receivables are the amount of money that must be received by companies from other parties who have purchased goods or used the company's services using a credit sales system. This receivable is a claim owned by the company against another party, which must be paid within a certain period of time in accordance with the agreement that has been set. Receivables can occur in various forms, such as trade receivables, bills of exchange, business receivables, and other receivables [1].

According to Mulyadi [2], the accounts receivable accounting system is designed to record the occurrence of receivables and the reduction of receivables. The accounts receivable accounting system includes procedures including the procedure for recording receivables, the procedure for declaring receivables. Accounting information systems are created with the aim of being able to control or control activities. This needs to be done because it can result in errors or a level of deliberate fraud due to the weakness of the system itself. This control must be able to guarantee the policy of direction for the management and as a tool to implement decisions and regulate the activities of the company, especially the sales department and to be able to achieve the company's objectives as well as efforts to

protect all company resources from possible losses resulting from errors and negligence in the processing of sales data [3].

A sales accounting information system is also very necessary for companies that sell credit that incur receivables to their customers because the credit sales system will regulate the procedures that will be carried out during credit sales to receivables collection. This credit sales system can also be useful to minimize uncollectible receivables in the company and the system can also minimize errors that will be made during collection, credit sales, transactions, and so on. The system also informs clearly written responsibilities for the parts or functions related to credit sales.

## 2. METHODS

This research uses qualitative research that is a library study that uses books and other literature as the main object. The type of research used is qualitative, namely research that produces information in the form of notes and descriptive data contained in the text being studied.

This research will use a descriptive type of research. Previous literature studies/literature studies that will be the data in this study. The technique used in this study is to collect and document existing research that is in accordance with the focus of the research. The data analysis technique that has been obtained in this study is by analyzing data with relevant theories.

According to andlini et.al [4] Study Book (library research) is a method of collecting data by understanding and studying theories from various literature related to the research. The data collection uses the method of finding sources and constructing from various sources, for example books, journals and research sets that have been carried out. The library materials obtained from these various references are critically analyzed and must be in-depth in order to support their propositions and ideas.

### 3. RESULTS AND DISCUSSION

An Information System is a system used in formal terms that is designed to collect information and can also store and distribute information. According to James A Hall [5] in Elfani's research, *et al* "Information Systems is a series of formal procedures in which data is collected, processed into information and distributed to users". There are also those who assume that an accounting information system is a system that collects, records, stores, and also processes data into useful information in helping the decision-making process.

Everything that is done must have a purpose, the purpose of the accounting system according to Mulyadi [6] in the book Accounting Information Systems, namely:

- 1) To provide information for employees.
- 2) To improve the information produced by the existing system, both regarding the quality, accuracy of presentation, and information structure.
- 3) To improve accounting control and internal checks, namely to improve the level of reliability (reability) of accounting information and to provide complete records regarding the company's accountability and asset protection.
- 4) To reduce clerical costs in the reconciliation of accounting records

According to Mardi [7], the objectives of the accounting information system are as follows:

- 1) To fulfill *obligations relating to stewards*. Company management always refers to the responsibility of management to clearly organize everything related to the resources owned by the company. The existence of an information system helps the availability of information needed by external parties through preliminary financial statements and other requested reports, as well as the availability of internal reports needed

by all ranks in the form of company management accountability reports.

- 2) Every information produced is valuable material for management decision-making (*to support decision making by internal decision makers*). The information system provides information to support every decision taken by the leadership in accordance with the established accountability.
- 3) Information systems are needed to support the smooth *day-to-day operations of the company*. Information systems provide information to each task force at various levels of management, so that they can be more productive.

According to Diana [8] in Elfani's research, *et al* "Accounting Information System is a system that aims to collect data and report information related to financial transactions".

Romney, Steinbart [9] stated that the accounting information system consists of 5 components, namely:

- 1) The people who operate the system and perform various functions.
- 2) Procedures, both manual and automated, that are involved in collecting, processing, and storing data about the organization's activities.
- 3) Data on the organization's business processes.
- 4) Software used for organizational processes.
- 5) Information technology infrastructure, including computers, *perithaeral devices* and equipment for network communication.

Receivables is one of the accounting transactions related to matters related to the collection of consumers who owe the company or to someone for the goods or services that have been provided. According to Mulyadi [2], "credit sales are carried out by sending goods according to the order requested by the customer. If the demand for goods requested by customers has been fulfilled by a trading company or service

company, the company has receivables to customers who have sent the ordered goods. The receivables will be paid according to the period set by the company with the customer. In the credit sales system, first the credit section will analyze the ability of potential customers regarding whether or not prospective customers who will make credit purchases are able to make payments. This is due to avoid the occurrence of uncollectible receivables".

### 3.1 Accounts Receivable Accounting System

The accounts receivable accounting system is a system used to record transactions involving receivables until receivables are reduced. Mulyadi [6] stated that in accounts receivable accounting, periodic statements of receivables are produced that are sent to each debtor. This statement of receivables is an element of good internal control in recording receivables. To find out the status of receivables and the possibility of collectible or not, periodically the receivables recording function presents information on the age of each debtor's receivables to the financial manager. This list of receivables age is the part that is generated from the receivables card.

One way to calculate the allowance for uncollectible receivables is to apply different percentages to certain age groups of receivables. At the end of each accounting period, for example the end of the month or the end of the year, a list of accounts receivable is made. This is a breakdown of the receivables balance by the customer's name at a specific time. In order to know how long a customer's receivables have passed, the list of receivables is usually grouped by age. The age of receivables is the period of time from the recording of sales transactions to the time when the list of receivables is made. Usually, the age of receivables is grouped according to a certain number of days. The value of receivables for a single customer may belong to one or more receivables age groups. By knowing the age of the receivables, it will be possible to know:

- 1) Receivables that are classified as close to maturity and must be collected.

- 2) Receivables that are classified as overdue and need to be written off due to

The assessment of receivables aims to describe the number of net receivables, so that it shows the net value that can be realized or commonly referred to as *net realizable value*. *Net realizable value* is the total value of gross receivables minus the allowance for uncollectible receivables.

According to Mulyadi [2] The main documents used as the basis for recording into the receivables card are as follows:

- 1) Sales Invoice, a document used as the basis for arising receivables from credit sales transactions.
- 2) Proof of Cash Inflow, a document used as the basis for recording a reduction in a receivable from a receivable's repayment transaction by the debtor.
- 3) Credit Memo, a document used as the basis for recording sales returns
- 4) Memorial Proof, a document used as the basis for recording transactions in a general journal.

Accounting records used to record transactions related to receivables according to Mulyadi [2] are as follows:

- 1) Sales Journal, an accounting record used to record the arising of receivables from credit sales transactions.
- 2) Journal of Sales Returns, an accounting record used to record the reduction of receivables from sales return transactions
- 3) General Journal, an accounting record used to record a reduction in receivables from transactions to write off receivables that can no longer be collected.
- 4) Journal of Cash Receipts, accounting records used to record the reduction of receivables from cash receipt transactions originating from debtors.
- 5) Receivables Card, an accounting record used to record mutations and receivables balances to each debtor.

According to Mulyadi [2], receivables recording can be done by one of several methods, including the following:

- 1) Conventional method, this method is carried out by posting to the receivables card which is done based on the data recorded in the journal.
- 2) Method of Direct Post into the receivables card or receivables statement
  - a). Handwritten, posted directly daily in detail into the receivables card
  - b). Receivable's statement, the media is posted into the receivables statement with the receivables card as its copy or the second twin copy serves as the receivables card.
  - c). Delayed posting, done at once when invoices are collected in large quantities.
  - d). Billing cycle, for a month the media is sorted and archived by the customer's name. Divide the posting work into receivables cards and receivables statements spread evenly over weekdays for a month.
- 3) The recording method without a helper book, a method that does not use a receivables helper book. Documents received are archived according to the customer's name in the archive of unpaid invoices.
- 4) The recording method using a computer, the method that uses a *batch system*, the source documents that change the receivables are collected and posted at the same time every day to update the accounts receivable records.

A statement of receivables is a form that presents the amount of the debtor's obligations on a specific date and (in a statement of receivables of a certain form) accompanied by its details. Receivables statements take the form of several types, including:

- 1) Balance statement at the end of the month, only present the balance of receivables to the debtor at the end of the month.
- 2) A unit statement, a statement that contains the debtor's trade debt balance at the beginning of the month, debit and credit mutations for a month along with details, and the debtor's trade debt balance at the end of the month. At the same time as a record of receivables
- 3) The statement of the balance is the same as the statement of the unit, only the difference is in the way it is posted and the content of the accounts receivable record.
- 4) Statement of unpaid invoices, statements containing invoices that have not been paid by the debtor on a certain date accompanied by the date of the invoice and the number of rupiah.

A healthy, profitable and constructive receivables system must be based on proper procedures, practices and operations. This can be achieved by the company's internal control system. In general, the internal control procedures for receivables transactions include:

- 1) Proper authorization of transactions and activities.
- 2) Separation of duties that reduces opportunities that allow a person to be in a position to perform and at the same time cover up mistakes or irregularities in the performance of their daily duties. so that separation of tasks is needed for its control.
- 3) Design and use of adequate documents and records to assist in the proper recording of transactions and events, for example by monitoring the use of printed sequential numbered delivery documents.
- 4) Adequate security of access to and use of company assets and records, such as the establishment of protected facilities and authorization for access

to computer programs and data archives.

- 5) Independent checks on the implementation and proper assessment of the recorded amounts, for example, checks on clerical work, reconciliation, comparison of existing assets with recorded liabilities, supervision using computer programs, review by management of reports outlining details (e.g., balances of receivables detailed by age of receivables) and review by users of reports generated by computers.

### 3.2 Sales Distribution

According to Mulyadi [2] Distribution is a procedure for summarizing the details listed in the media and this collection is used for the purpose of making reports. Distribution of sales is a procedure for summarizing the details listed in the sales invoice and collecting the total sales summary by marketing area for the purpose of making financial statements of sales results. The sales distribution method can be applied in the distribution of sales, purchasing, payroll, and expense information. There are four distribution methods, including:

- 1) Columned Method, by providing one column for each element in the classification or one column for each group of elements in the classification.
  - a). Handwritten columned method
  - b). Method *worksheet*
  - c). Columned journals organized by bookkeeping machines
- 2) Single Account and Columned Account Methods, methods that accommodate many classification elements of more than 150 types of products.
- 3) Summary strip *method* and single ticket method
  - a). *Summary strip*, each account is provided to accommodate one element in the classification.

- b). Single Ticket is carried out by changing the media used as the basis of distribution to a single medium. It only consists of one debit or one credit.

- 4) The register method is carried out by means of a cash register tool.
- 5) The method with a computer, is carried out by simply giving a code to every purchase made on a sales transaction.

There are 3 factors that must be considered in the selection of distribution methods according to Mulyadi [3], namely:

- 1) The information that will be included in the report, the information needed will greatly determine the content of the report that will be generated by distribution activities.
- 2) Number of Classification Elements, the number of elements determines what method is used.
- 3) The media used as a source of information, the media used can determine the method used because according to the classification, it will be possible to change the media that will be used later.

## 4. CONCLUSIONS

The main purpose of the accounts receivable accounting system is to record receivables to debtors, which occur due to sales on credit, sales returns, cash receipts from receivables, and write-offs of receivables. In the accounts receivable accounting system, the recording system is in the form of a sales journal, a sales return journal, a cash receipt journal, a general journal and a receivables card. In accounts receivable accounting, there are four methods of distribution of sales, namely: column method, single account method and column account, method *summary strip*, register method, and method with computer.

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