Evaluation of the Implementation of Credit Sales System Procedures

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Article Info	ABSTRACT
	Credit sales are a method used by many companies to increase sales volume by allowing customers to pay for products or services in stages. In an accounting context, credit sales systems require accurate recording and efficient management to ensure that receivables are collectible and the risk of loss is minimized. This article reviews the basic concepts of credit sales, including accounts receivable, provisions for bad debts, and recording credit sales journals. The benefits of credit sales in accounting include increased sales, better management of receivables, and preparation of accurate financial statements. The main challenges faced are bad debt risk, creditworthiness assessment, and receivables monitoring and collection. Implementation of technology such as ERP systems helps in automating record keeping, credit risk analysis, and more efficient reporting. With proper management and technology support, a credit sales system can be an effective tool in a company's financial strategy, minimizing risks and ensuring healthy cash flow.

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1. INTRODUCTION

Along with the rapid development of the company, it causes competition between companies to get stronger and many problems occur due to the company's operational activities. Companies that have advantages in various aspects are able to survive in conditions and can improve the company's performance. In line with economic developments and emerging competition. Therefore, improvements are needed in all fields of business. Something to consider in achieving the goal, namely improving a good sales system.

The sales system is a very important company activity in every part, such as the management, sales, and other parts of the company must meet the sales targets set by the company manager [1]. A system is a unit that interacts together and works together to achieve a goal by following procedures in company activities. Procedures that must be followed in completing tasks and involving people in the company to guarantee the company's sales transactions are carried out repeatedly.

Sales is one of the important activities in a company because the company's main source of income comes from sales [2]. The sale can be done in 2 ways, namely credit sales and cash sales [1]. Cash sales are sales whose buying and selling transactions are carried out with direct payments while credit sales are sales whose transactions are carried out by

indirect payments or using a period of time [3].

Credit sales in a company have a greater risk compared to cash sales, the risks faced are such as non-collection of receivables which will be very detrimental to the company and if the company implements the credit sales system properly, it will involve several employees in every transaction carried out [4]. Every employee involved in making transactions will be checked for the accuracy and reliability of the employee called an internal check [3].

The credit sales system is carried out by the company by sending goods according to the order received from the buyer and for a certain period of time the company has a bill to the buyer [5]. The sale of credit will give rise to accounts receivable in the balance sheet, the more receivables, the greater the company's current assets [6].

The formulation of this research is how to develop a good sales system to ensure the success of the system in the future. To ensure a credit sales system, a good analysis is needed during the development process, the analysis must consider the problem and be in accordance with the needs.

2. METHODS

The research methodology is carried out using literature study research, this method uses library sources to collect data. According to Satori [7], literature study is defined as a research method conducted by collecting data and information from various literature sources, such as books, journals, articles, research reports, websites, and other documents. The main purpose of literature studies according to Sari [8] is to be used to collect data and information from various library sources. This data and information is then analyzed and interpreted to build a deep understanding of a research topic. Literature studies can also involve examining reference books and comparative findings from previous studies, both of which are useful in obtaining a theoretical basis for the problem to be tested. When studying literature, it is

also necessary to collect data through the process of reviewing books, other literature, notes, and various reports related to the issue to be addressed.

3. RESULTS AND DISCUSSION

A credit sale is a transaction in which the seller allows the buyer to receive the product or service now and pay for it at a later date. This is different from cash sales which require payment to be made immediately.

The credit sales accounting information system is a sales process with the credit method carried out by the company by sending goods according to the order received from the buyer. For a certain period of time, the company owns receivables from such buyers. Therefore, in the credit sales accounting information system there are various supporting elements that are organized in an accounting information system called the credit sales accounting information system.

A credit sales accounting system is a sales method in which payment is made after the goods are delivered, within a period of time that has been agreed upon by both parties.

The Network of Procedures that make up the system

The network of procedures that make up the credit sales accounting system:

a. **Sales order procedure**

In this procedure, the sales function receives the order from the buyer and adds important information to the order letter from the buyer.

Figure 1. Sales Return Journal

b. **Credit approval procedure**

In this procedure, the sales function requests approval of the sale of credit to the buyer from the credit function.

c. **Shipping Procedure**

In this procedure, the delivery function delivers the goods to the buyer according to the information in the delivery order letter.

Figure 2. Shipping Order Letter

d. **Billing procedure**

In this procedure, the billing function creates a sales invoice and sends it to the buyer.

e. **Receivables recording procedure**

In this procedure, the accounting function records a copy of the sales invoice into the accounts receivable card.

Figure 3. Accounts Receivable Card

f. **Sales distribution procedure**

In this procedure, the accounting function distributes sales data according to the information required by management.

g. **Procedure for recording the cost of goods sold**

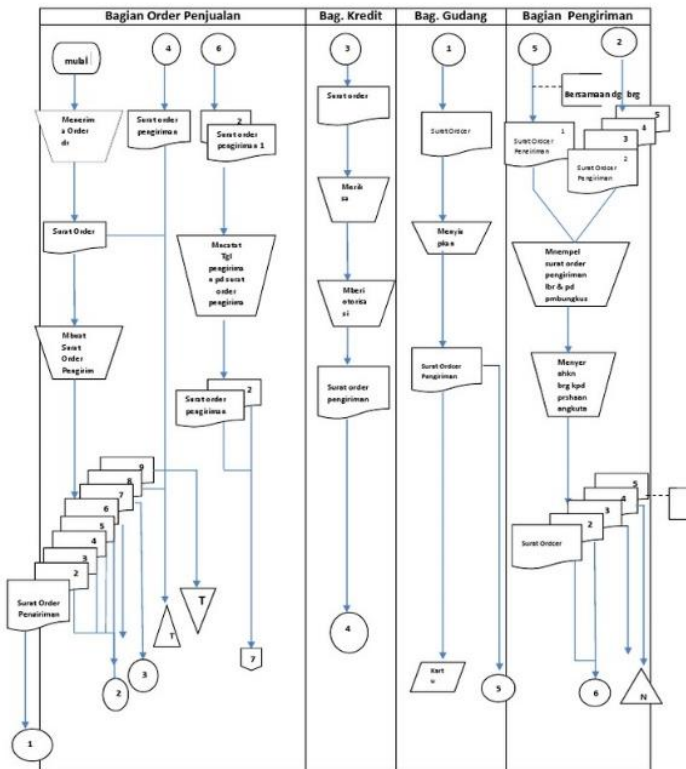In this procedure, the accounting function periodically records the total cost of goods sold in a given period.

Figure 4. Credit Sales System Flowchart

DISCUSSION

A credit sales system is a method used by businesses to sell goods or services with payments deferred to a future time. Credit sales allow customers to receive goods or services now and pay for them later, often in installments or deferred payments. A complete discussion of the credit sales system involves various aspects, from the basic definition to risk management and the technology used [9].

Types of Credit Sales:

Trade Credit: Credit provided by a supplier to another business customer. Usually, these credits are awarded for a specific period of time, such as 30, 60, or 90 days.**Consumer Credit:** Credit given to individual consumers to purchase goods or services. A common example is the purchase of electronics or vehicles with installment payments.

Advantages of Credit Sales: Increase Sales: Attract more customers, especially those who don't have cash at the moment. **Customer Loyalty:** Increase customer loyalty because they find it helpful with payment flexibility. **Stock Management:** Helps manage stock better due to faster turnover of goods.

Credit Sales Loss: **Risk of Uncollectible Receivables:** The risk that some customers will not be able or will not be willing to pay their debts. **Administrative Costs:** Requires additional resources to manage receivables and the collection process. **Cash Flow Impact**: Delays cash receipts that can affect the cash flow of the business.

Credit Granting Procedure:

Credit Evaluation: Conducting checks on the creditworthiness of potential customers through credit analysis, including checking credit history and financial capabilities.**Credit Limit Assignment**: Determines the maximum credit limit that can be given to customers based on the results of credit evaluation.**Documentation**: Drafting a clear and legally binding credit agreement.

Receivables Management:

Billing: The billing process includes invoicing, payment reminders, and handling late payments. **Monitoring**: Monitor accounts receivable balances regularly to identify and address potential problems early. **Provision for Uncollectible Receivables**: Set aside funds to cover possible losses due to uncollectible receivables.

Accounting and CRM Software:

Accounting System: Uses accounting software to record and manage credit transactions and monitor accounts receivable. **Customer Relationship Management (CRM):** Using a CRM to track interactions with customers, including credit and payment histories.

System Integration:

Integrate credit sales systems with financial and inventory systems to ensure accurate and up-to-date data.

Adoption of blockchain technology to improve transparency and security in credit transactions. The credit sales system, with all its advantages and challenges, is an essential element of modern business strategy. With proper management and the use of advanced technology, businesses can maximize the potential of credit sales while minimizing the risks associated with it.

4. CONCLUSION

The credit sales system is a sales method that provides customers with the flexibility to make payments in stages, which can increase sales volume and expand market share, credit sales require accurate recording and effective management to minimize the risk of uncollectible receivables, the importance of assessing the creditworthiness of potential customers to reduce the risk of bad credit. In addition, proper recording of credit transactions, making provisions for uncollectible receivables, and effective monitoring and collection of receivables are important steps in this system. The implementation of information technology, such as ERP systems, can improve the efficiency and accuracy of credit sales management. With proper management and technological support, a credit sales system

can maximize profits and maintain a company's smooth cash flow.

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