

Recording Bad Debts Based On Age Of Receivable and Internal Control Of Account Receivable At PT Citra Buana Prakarsa

PROBLEM

Company needs to carry out a credit sales strategy, so that the number of sales increases.

For sales on credit, the company has receivables to customers. Receivables can be potential if managed properly but on the contrary will be a risk if not managed properly. The risk of loss of receivables can be in the form of risk of non-payment.

PROBLEM IDENTIFICATION



Of the many debtors of the company there may be some of them who may not be able to fulfill their obligations to pay their debts to the company.



Accounts receivable to such problematic debtors are then declared as uncollectible receivables uncollectible accounts.

LITERACY

Definition of Bad Debt

According to Maajid (2020), bad debts are claims for the sale of goods or services with a credit system.

Factors Causing Bad Debt

According to Rivai, et al. there are factors that cause uncollectible accounts receivable:

1. Internal Factors
2. External Factors

Method of Elimination of Uncollectible Accounts Receivable

According to Hery (2015:211) there are 2 methods of writing off bad debts:

1. Direct write off method
2. Allowance Method



DISCUSSION

- In general, receivables are indicated as uncollectible when has long passed its due date. Receivables that have been determined as uncollectible is a loss that must be recorded as an expense, namely bad debt expense in the financial statements expense.
- PT Sejahtera is one of the customers who did not carry out its obligations, namely paying bills, so that at PT Citra Buana Prakarsa there are cases of bad debts. This causes losses to the company. The generation of receivables in this case occurred due to the sale of services on credit.



SOLUTION

For this reason, the solution needed is to use internal control of accounts receivable in minimizing bad debts.

And the first step that the company should take in order to minimize the the occurrence of bad debts is to make an assessment of customer eligibility by applying the principle of prudence or what is often referred to as 5C or The Five C Of Credit Analysis, namely;

1. Character
2. Capital
3. Capacity
4. Conditions
5. Collateral