

ANALYSIS TREATMENT AND ASSESSMENT COLLECTIBILITY OF ACCOUNTS RECEIVABLE AND EVALUATION UNCOLLECTIBLE ACCOUNTS RECEIVABLE ON CV PROFIL DINAMIKA GLASS

I Gede Budiarta^{1}, I Made Bagiada², and Ketut Arya Bayu Wicaksana³*

¹ Bachelor of Applied Managerial Accounting Study Program, Accounting Department, Politeknik Negeri Bali

² Bachelor of Applied Managerial Accounting Study Program, Accounting Department, Politeknik Negeri Bali

³ Bachelor of Applied Managerial Accounting Study Program, Accounting Department, Politeknik Negeri Bali

*Corresponding Author: gedebudiarta100@gmail.com

Abstract: Accounting treatment of accounts receivable is how a trade receivable transaction that occurs in a company is treated in accordance with SAK. The data was collected using interview, observation, and documentation techniques. Data analysis was carried out by qualitative descriptive analysis, where the data obtained were described in detail and then compared between the records made by the company and SAK, which was then assessed on the collectibility of accounts receivable before and after implementation of SAK with receivables turnover ratio, average collection period, arrears, collection and evaluation the value of bad debts in company. The results of this research is CV Profil Dinamika Glass has not fully treated accounts receivable in accordance with SAK so that the assessment of the collectibility of accounts receivable has not been maximized and this has an impact on the income statement and financial position statement every year. The discrepancy generate additional accounts in form of allowance for doubtful accounts so that it will reduce assets in the statement of financial position, the expense of receivable losses which reduce the company's profit, and other income that increases the company's profit. The work procedures can minimize the percentage of bad debts value in 2021.

Keywords: Accounts Receivable, Financial Accounting Standards, Collectibility of Accounts Receivable, Uncollectible Receivables

Informasi Artikel: Pengajuan Repository pada September 2022/ Submission to Repository on September 2022

Introduction

CV Profil Dinamika Glass is a company that operates by offering services to customers and selling merchandise. Inventory is a management system in determining the balance between inventory storage investment and customer service (Syafitri, Yuli dan Eka Misgianti, 2017). CV Profil Dinamika Glass operates as a distributor and applicator for glass and aluminum. As a glass and aluminum applicator, the most transactions that occur are credit sales, where money will be received when the company has finished providing its services to customers. Credit sales are sales whose payments are due and immediately paid within a predetermined time (Sitorus, Maria Christina dan Adang Kurniawan, 2021). With the sale of credit will lead to accounts receivable. Accounts receivable are claims to third parties that occur due to sellers of products or services, especially on credit (Samryn, L.M, 2015). There are several factors that affect the amount of receivables which include credit sales volume, payment terms, credit limitation provisions, policies in collecting receivables, and payment habits (Wardiyah, M.L., 2016).

In the current pandemic period, there are many risks taken by the company in operating, one of which is to continue to provide credit transactions to customers even though customers still have receivables from the company. This results in a large nominal receivables so that there is a risk of receivables being in arrears due to the difficulty of collecting receivables from customers. Constraints like this cause losses or the risk of bad debts Ruy, Yulita et al. (2018). In determining the amount of receivables loss, two bases are used, namely total sales and 2017 zakat balance receivables (Baridwan, Zaki, 2017). The difference between credit and cash sales is very large, namely Rp. 51,937,651,711.63, so it is necessary to ask how the company manages its receivables. The company's total trade receivables in the last three years amounted to Rp.9,842,474,929.68, where there are several receivables that are still in arrears every year. The following are the details of the amount of trade receivables at the end of 2019, 2020, and 2021 in CV Profil Dinamika Glass, presented in Table 1 below.

Table 1 Accounts Receivable Data on CV Profile Dynamics Glass End of 2019-2021 Period

Year	Amount of Account Receivable
2019	3.789.908.780,45
2020	2.895.876.659,38
2021	3.156.689.489,85
Total	9.842.474.929,68

Source : CV Profil Dinamikas Glass (2022)

With the existence of these arrears, it is necessary to analyze the age of the receivables that have not been paid by the customer. The age method of trade receivables will be grouped based on their respective age characteristics, which means that there is a grouping of trade receivables into categories based on the due date of the receivables Demak, Kiay Yulindasari et al. (2018). The company groups the age of receivables into 31-60 days, 61-90 days and >90 days, with the largest arrears occurring in 2020 amounting to Rp.1,658,000,001,84. With this nominal, it can be a risk of uncollectible receivables in the company. Uncollectible receivables are accounts formed as a result of estimated uncollectible receivables (Nisa, Hairun, 2017). The cause of uncollectible receivables with a large nominal is due to continuous credit sales with a period of time that is not taken into account. In addition, the company has not been able to analyze the character of each customer in providing credit so that the company cannot predict whether the customer is able to pay off their receivables or not. Usually customers are unable to pay their debts because they are experiencing financial difficulties or customers are in a state of bankruptcy. Based on the existence of large receivables, the company needs to establish an allowance for losses on receivables to find out how many receivables cannot be collected or even cannot be collected permanently for each year.

Based on the research gap which shows that the company in managing its receivables is not fully in accordance with financial accounting standards, where the company has recorded receivables at the time of the transaction but in terms of measurement and presentation of receivables it is not fully in accordance with financial accounting standards (Sumariati, Yuli, 2016). Therefore, it is necessary to analyze the accounting treatment of accounts receivable at CV Profil Dinamika Glass, is it in accordance with applicable financial accounting standards?. The accounting treatment of trade receivables consists of the recognition of trade receivables contained in PSAK No. 23 Revised 2018, regarding revenue which reads Sales of goods, sales of services, and use of entity assets by other parties that generate interest, royalties and dividends (Ikatan Akuntan Indonesia, 2018). Measurement of Accounts Receivable is regulated based on PSAK No. 55 Revision of 2018 which reads Financial assets are measured at fair value through profit or loss at the time of initial measurement and PSAK No.68 Revision of 2018 which reads Fair value as the price to be received or the price to be paid (Ikatan Akuntan Indonesia, 2018). The presentation of trade receivables is regulated based on PSAK No. 50 Revised 2018 which reads Trade receivables are presented in the statement of financial position based on net realizable value in the group of financial assets by disclosing impairment due to credit losses, and the entity shall record the impairment in a separate account (Ikatan Akuntan Indonesia, 2018). This will result in the company having presented its financial statements fairly and the collectibility assessment of receivables will also be maximized with more accurate results. In addition, for the suitability of the treatment of receivables with financial accounting standards, evaluation of the value of uncollectible receivables can be carried out by considering the value of the receivables that have fluctuated in arrears within the last three years on CV Profil Dinamika Glass.

Method

This research is a qualitative research with a descriptive analysis approach. The descriptive approach was chosen because the problem to be studied was not related to the numbers, but instead described, in the form of a description of the accounting treatment of trade receivables, an assessment of the collectibility of trade receivables according to SAK and an evaluation of bad debts on CV Profil Dinamika Glass.

This research was conducted at the CV Profil Dinamika Glass located in JL. Pulau Kawe No.58, Pedungan Village, South Denpasar District, Bali. The source of this research data is primary data in the form is interviews the employees of CV Profil Dinamika Glass. In addition, secondary data in the form of income statement, statement of financial position, list of credit sales, and aging list of accounts receivable for 2019,2020, and 2021

The collection instruments in this research were stationery and books. Data collection techniques in this research were interviews, observation, and documentation. The completion of this research is through comparative descriptive, with qualitative data analysis steps including data collection, data reduction, display and drawing conclusions (Yuliani, Wiwin, 2018). The results of the research are to explain the discussion based on information obtained through interviews, observations, and documentation by outlining and explaining the accounting description based on accounting accounting standards, collectibility of accounts receivable using ratios consisting of 1) Accounts Receivable Turnover, 2) Average Collection Period, 3) Arrears, 4) Collection. As well as evaluating the value of the ratio and the value of bad debt on the CV Profil Dynamics Glass.

Result and Discussion

1. Account Conformity of Accounting Treatment of Accounts Receivable for the Period 2019, 2020, and 2021 on CV Profil Dinamika Glass with statement of financial accounting standards (PSAK)

a. Recognition of Accounts Receivable

CV Profil Dinamika Glass uses the basis of realization in the recognition of receivables, where receivables are recognized after the goods and services are provided and a sales invoice has been issued by the company. Accounts receivable are recognized when the company has performed its obligations in providing merchandise to the customer's hands and service to the customer in accordance with the agreed offer. Thus, in principle, the recognition of accounts receivable on CV Profile Dinamika Glass in accordance with the statement of applicable Financial Accounting Standards, namely PSAK No. 23 revision of 2018 regulates the criteria for revenue recognition on three occasions, namely: sale of goods, sale of services, and use of entity assets by other parties that generate interest, royalties and dividends.

b. Recognition of Accounts Receivable

CV Profil Dinamika Glass does not measure its accounts receivable based on fair value, so it is not in accordance with the application of PSAK No. 55 Revision of 2018. Fair value can be calculated by determining the net realization of accounts receivable by estimating the allowance for receivable losses. Based on the applicable financial accounting standards, in determining the allowance for losses of receivables it is recommended to use the backup method. The amount of receivable loss reserves in 2019 amounted to Rp82.585.044,96, in 2020 it was Rp77.280.691,82, and in 2021 it was Rp48.625.334,46. From this calculation, it will cause the current assets on the balance sheet to decrease and it can be determined the calculation of net receivables from the difference between accounts receivable and reserves for receivables losses. With total net receivables in 2019 of Rp3.707.323.735,49, in 2020 of Rp2.818.595.967,56, and in 2021 of Rp3.108.064.155,39. In addition, an annual adjustment journal is needed from the existence of the receivable loss reserve post, with the cost of receivables loss on the receivables loss reserve of Rp82.585.044,96 in 2019 and there is a decrease in the reserve of receivables losses in 2020 and 2021 so that other income in 2020 is recognized at Rp5.304.353,14 and in 2021 of Rp28.655.357,36.

c. Presentation of Accounts Receivable

From the allowance of receivables loss reserves, it caused changes to the presentation of financial statements, namely the financial position statement and income statement on CV Profil Dinamika Glass in 2019, 2020, and 2021. The presentation of accounts receivable on CV Profil Dinamika Glass has not been in accordance with financial accounting standards. The presentation of accounts receivable according to PSAK No. 50 revision of

2018 is gross receivables presented followed by allowance for receivable losses. It is necessary to present the reserves for receivables losses as counter accounts on current assets on the balance sheet of Rp82.585.044,96 in 2019, in 2020 of Rp77.280.691,82, and in 2021 Rp48.625.334,46. So that the number of current assets in 2019 amounted to Rp16.977.981.617,54, in 2020 it was Rp17.271.987.025,32, and in 2021 it was Rp21.982.458.852,08. For costs from loss of receivables that have been calculated in 2019 worth IDR 82,585,044.96 and other income in 2020 worth Rp5.304.353,14, and in 2021 worth Rp28.655.357,36 are presented on the company's income statement for each year. From this presentation, a net profit was obtained after the implementation of financial accounting standards company in 2019 of Rp5.709.226..970,59, in 2020 was Rp3.021.701.364,13, and in 2021 was Rp7.238.024.301,48. Below are presented in table 1 and table 2 details of accounts receivable in the company's financial statements and profit and loss after the application of financial accounting standards.

Table 2 Statement of Financial Position After The Application Of Financial Accounting Standards

Year	Account Receivable	Allowance for Doubtfull Debt	Net Account Receivable
2019	3.789.908.780,45	82.585.044,96	3.707.323.735,49
2020	2.895.876.659,38	77.280.691,82	2.818.595.967,56
2021	3.156.689.489,85	48.625.334,46	3.108.064.155,39

Table 3 Profit and Loss Statement After The Application Of Financial Accounting Standards

	2019	2020	2021
Profit Before SAK	5.791.812.015,55	3.016.397.010,99	7.209.368.944,12
Bad Debt Expense	82.585.044,96		
Other Income		5.304.353,14	28.655.357,36
Profit After SAK	5.709.226..970,59	3.021.701.364,13	7.238.024.301,48

2. Assessment of Collectibility of Accounts Receivable Based on the Ratio of Receivables Before and After the Application of Financial Accounting Standard

The assessment of the collectibility of accounts receivable can be analyzed from the collection and collection of receivables on CV Profil Dinamika Glass. Of the many maturing accounts receivable collected by the company, it is carried out through a message conveyed by the admin to the customer. If the warning letter has been sent but the customer has not made a payment, the company will contact by phone as the last warning. From the company's policy, it is evident that the collection and collection of receivables is ineffective because the warnings given by the company are not firm and do not urge customers to pay their obligations. It is necessary to assess the collectibility of accounts receivable in the company based on its compliance with financial accounting standards to determine the turnover of accounts receivable into cash. The assessment is carried out using several ratios, there are:

a. Account Receivable Turnover

Based on the results of the calculation of the turnover ratio of accounts receivable in 2019, it shows the results before the implementation of the Financial Accounting Standards, which is 9 times. This result shows that the funds embedded in the receivables rotate as much as 9 times a year. Likewise with 2020 and 2021, the ratio results showed 7 times and 11 times. After the implementation of the financial accounting standards, the turnover ratio of accounts receivable on CV Profil Dinamika Glass in a year increased to 10 times in 2019, 8 times in 2020, and 12 times in 2021. The increase in the ratio after the application of the financial accounting standards due to the amount of final receivables, namely for each year presented in the financial statements, has shown the net value of receivables, namely gross receivables reduced by reserves of receivable losses,

so that the nominal of the final receivables decreases followed by a decrease in the average receivables and an increase in the turnover ratio of receivables.

b. Average Collection Period

The average collection of receivables is closely related to receivable turnover, if the higher the receivables turnover ratio, the faster the average collection of such receivables. If the shorter the timeframe generated, the shorter the life of the receivables and the faster it becomes cash. The calculation results show that before applying the Financial Accounting Standards, receivables in 2019 were billed on average within 41 days, in 2020 52 days, and in 2021 within 37 days. However, after the implementation of the Financial Accounting Standards, it shows that the average collection of receivables is getting faster for each year. From these results, it is said that the company in implementing the credit policy is still not firm because there is no clear and written credit policy made by the company. In addition, there are several debtors in making payments not in accordance with the average payment deadline of 45 days, which results in the amount of receivables at the end of the period becoming larger and the risk of uncollectible receivables will be even greater. By applying Financial Accounting Standards to accounts receivable, the ratio results will reflect a more effective collection of receivables because the results of the ratio analysis are closer to the limit of collection of receivables set with results in 2019 of 37 days, 2020 46 days, and 2021 33 days.

c. Arrears Ratio

The calculation results show that the arrears ratio before the implementation of financial accounting standards in 2019 was 11%, in 2020 it was 13%, and in 2021 it was 10%. This means that the amount of receivables that have matured from a number of uncollectible credit sales is 11%, 13% and 10% of the total receivables. The arrears ratio that occurs after the company implements the Financial Accounting Standards becomes smaller than before implementing the Financial Accounting Standards, namely 10% in 2019, 12% in 2020, and 9% in 2021. This decrease occurred because after the application of SAK, the company had presented net receivables so that there was a decrease in the arrears ratio due to a decrease in the number of receivables at the end of the period after deducting the reserve loss on receivables, so that the arrears receivables were smaller.

d. Collection Ratio

The smaller the amount of receivables that are due and uncollectible, the greater the amount of receivables that can be collected, and vice versa if the amount of receivables that are due and uncollectible is large, the amount of receivables that can be collected will be smaller. This can be seen from the results of calculating the arrears ratio after the implementation of financial accounting standards is smaller which results in a larger billing ratio compared to before the implementation of financial accounting standards. The amount of receivables collected before the implementation of financial accounting standards in the last three years shows different circumstances, with billing ratios of 89% in 2019, 87% in 2020, and 90% in 2021. The results after the implementation of SAK showed an increase in bills of 1% for each year. This increase in the amount is due to the fact that the amount of delinquent receivables decreases after the formation of the reserve of receivables losses.

3. Assessment of Evaluation of Uncollectible Receivables on CV Profil Dinamika Glass

The value of uncollectible receivables in the past three years has fluctuating values. The increase occurred in 2020 due to the company's lack of attention in managing its receivables so that there were many receivables in arrears. Unlike the following year, there was a decrease in uncollectible receivables in 2021 with a considerable value of Rp28.655.357,35. The occurrence of this decline does not only occur without changes in work procedures carried out by the receivables section on CV Profil Dinamika Glass. Based on information from the Accounting Section Manager, as well as Supervisors, Quality Control, Receivables Admins, there are several factors that cause the company's success in minimizing the value of uncollectible receivables in 2021, namely, environmental control in the company with an evaluation of the process of receivables and the state of company receivables. This evaluation is usually held every 3 months by seeing if there are any obstacles from

the work process carried out by employees of the receivables department. Furthermore, there is a risk assessment, where initially in the provision of credit carried out the company did not look at the background of customers who made credit sales transactions. Function this risk assessment is so that the company does not misrepresent credit to customers which causes receivables to accumulate and there is no clarity on the payments that will be made by customers. Risk assessment is carried out by surveying the customer's location to find out the customer's financial capabilities so that the limit for crediting can be determined. Last, there is a change in credit policy where previously the company continued to provide each customer with credit transactions without taking into account that the customer still had accumulated receivables recognized by the company. For this incident, the company took action while still allowing the customer to transact but had to make payments on previous accounts receivable in installments. This is done so that the previous receivables have at least been paid and do not accumulate, so that accounts receivable can rotate into cash.

Conclusion

The accounting treatment of accounts receivable in CV Profil Dinamika Glass has not been fully in accordance with SAK, where the recognition of accounts receivable has been in accordance with PSAK No. 23 Revision of 2018, the measurement of accounts receivable is not as large as the net realized value reasonably so that it is not in accordance with PSAK No. 55 and 68 revisions of 2018, and the presentation of accounts receivable has not been in accordance with PSAK No. 50 revision of 2018.

The application of the accounting treatment of accounts receivable with SAK will affect the assessment of the collectibility of accounts receivable, where by applying SAK financial ratios such as receivables turnover, average days of collection of receivables, arrears, collection will be better the results than before the application of SAK. Changes in work procedures carried out by the company have a positive impact, where the company is able to minimize the percentage of receivables that are in arrears in 2021 which results in a decrease in uncollectible receivables.

Acknowledgment

The author would like to thank all those who have helped and supported during the process of preparing this journal. The authors also thank the director and all employees of CV Profil Dinamika Glass who have allowed the author to conduct research.

Reference

- Baridwan, Zaki. (2017). *Intermediate Accounting (Edisi Kedelapan)*. BPFE.
- Demak, Kiay Yulindasari et al. (2018). Analisis Piutang Tak Tertagih Berdasarkan Umur Piutang Pada PT. Air Manado. *Jurnal Riset Akuntansi Going Concern* 13(4), 347-355.
- Ikatan Akuntan Indonesia. (2018). *Pernyataan Standar Akuntansi Keuangan*. IAI.
- Nisa, Hairun. (2017). Analisis Sistem Pengendalian Intern Persetujuan Kredit Dalam Memperkecil Resiko Piutang Tak Tertagih Pada PT Nusa Surya Ciptadana Cabang Martapura. *J. Ilmiah Eko. Bis.*, vol 3, 83-94.
- Ruy, Yulita et al. (2018). Analisis Pengendalian Piutang Terhadap Resiko Piutang Tak Tertagih Pada PT Federal International Finance (FIF) Manado. *Jurnal Administrasi Bisnis* Vol. 6 No.2, 50-58.
- Samryn, L.M. (2015). *Pengantar Akuntansi : Metode Akuntansi untuk Elemen Laporan Keuangan Diperkaya Dengan Perspektif IFRS & Perbankan 2*. Jakarta: PT Rajagrafindo Persada.
- Sitorus, Maria Christina dan Adang Kurniawan. (2021). Pengaruh Penjualan Tunai dan Penjualan Kredit Terhadap Profitabilitas Perusahaan Pada PD Gloria Bandung. *J. Financia*, vol 2, 1-14.
- Sumariati, Yuli. (2016). Perlakuan Akuntansi Piutang Dagang dan Pengaruhnya Perlakuan Akuntansi Piutang Dagang dan Pengaruhnya PT. Simed Prakarsa Indonesia. *Skrp.PNB*.
- Syafitri, Yuli dan Eka Misgianti. (2017). Membangun Sistem Informasi Persediaan Barang Dagang Studi Kasus CV Sumber Sejahtera Bandar Lampung. *Jurnal Cendikia* Vol. 14 No. 1 *Cendikia*, 26-32.
- Wardiyah, M.L. (2016). *Akuntansi Keuangan Menengah*. Bandung: CV Pustaka Setia.
- Yuliani, Wiwin. (2018). Metode Penelitian Deskriptif Kualitatif Dalam Perspektif. Vol 2 No 2.