



The Effectiveness of Account Receivable Work on the Smooth Handling of Receivables at Grand Hap Hotel Solo

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Abstract

This study aims to determine how the mechanism carried out by Account Receivable staff on the smooth handling of receivables so that it can make a good contribution to hotel operational governance, especially in increasing hotel revenue. The research method used in this research is a qualitative method of literature study and field study by collecting relevant literature sources and conducting research in the field. While the data collection techniques used are conducting interviews with the company, observing the company, and documenting data obtained from internal companies. The results of the study found that the implementation of handling and management of accounts receivable has been carried out in accordance with the job description and standard operation procedure and in accordance with company objectives. Although there is still something that is not optimal regarding the making of reminders to Guest Ledger that has exceeded the credit limit limit, it cannot be implemented properly and further studies are still needed regarding the application of the accounts receivable loss reserve method as an anticipation of losses incurred by uncollectible accounts.

Key words: effectiveness, account receivable, receivables, hotel.

1. Introduction

The era of rapid growth of the hotel market share with various facilities and amenities offered to guests, making hotels the right choice for all groups to organise various events or events. Likewise, the hotel tries to make it easy to establish good relations with guests, both individual and group guests. One of the strategies implemented by providing credit facilities in payment. This strategy is able to make a good contribution to hotel operational governance, especially in increasing hotel revenue / revenue. In addition, to increase customer interest so that it can increase the volume of revenue and company profits. However, the greater the proportion of credit sales in a hotel, the greater the investment in receivables. Credit sales can increase sales turnover, but have the risk of delayed cash receipts. Delays in cash receipts can lead to receivables [1].



Receivables as a form of income in the form of bills for income received by the company, both in the form of goods and services on credit to other parties [2]. Receivables management is needed to overcome this impact. Impacts or risks that often occur such as the risk of delays in settlement of receivables either in part or in whole, even uncollectible receivables. This will have an impact on hampering the smooth operation of the company, especially if the receivables are in large amounts. Problems that often arise include the settlement process on the Electronic Data Capture (EDC) machine by the front office which causes differences in the date of entry of payments into the hotel account, the delay in sending a stay agreement letter with a partner (List of Statement), and negligence in signing the bill by the guest on the Guarantee Letter.

Therefore, the accounting management of a hotel plays a very important role in collecting receivables. Account Receivable in the Accounting Department of Grand HAP Hotel Solo itself is responsible for controlling hotel operations both in terms of hotel income and expenses which ultimately rests on the financial reporting process. Dimana jika pengumpulan hasil pembayaran piutang lebih besar maka akan dapat membantu dalam proses kelancaran operasional pada saat itu, namun jika sebaliknya nilai pengumpulan hasil pembayaran piutang tertunda maka akan mempengaruhi tertundanya proses pembayaran operasional [3]. As a result, a research study is needed on the effectiveness of Account Receivable work at Grand HAP Hotel Solo in facilitating the handling of receivables. This is very important to analyse, because the smooth handling of receivables affects the operational cash flow (cash flow) which is the foundation in the implementation of daily operations at the hotel. Based on this understanding, effective receivables management is needed to manage receivables to avoid losses so that hotel profits can continue to increase and hotel operations and cash flow can always be maintained properly.

2. Method

This research uses qualitative methods of literature study and field study by collecting relevant literature sources and conducting research in the field. In this part of the literature study, data processing is carried out from reference sources that support research data, while the field study is carried out directly in the field through observation, structured interviews and documentation [4]. Data processing in the field is carried out systematically to respondents who are directly related to the research data source, so that the data obtained in the field can really be accounted for.

3. Result and Discussion

3.1. Results

The recording of receivables in the finance department is carried out by the Account Receivable section by managing and controlling credit sales policies against company receivables generated to finance company operations.

One of the risks that can occur is the risk of uncollectible receivables, which will hinder the smooth operation of the company itself. In terms of the role of Account Receivable is very important to the smooth flow of financial operations, as is the case in operations at Grand Hap Hotel Solo. Where an Account Receivable must be able to manage receivables properly and on time, and be able to establish good cooperation with company partners. Guided by the existing job description and standard operating procedures, namely by conditioning the detailed receivables report (break down city ledger) reported by night audit and examining the complete accompanying documents, to make confirmation of the detailed bills / city ledger. Including newly entered receivables and those already in reminder letters. Accounts receivable that are due in the range of 30 to 60 days are conditioned for timely collection and recorded in the daily collection report which is included in the company's balance sheet as a current asset [5].

As for the smooth handling of receivables, both receivables in relatively small and large amounts affect the smooth flow of company cash. Where cash flow is an indicator of the smooth running of daily financial operations in the hotel operation itself. This can be proven by the results of data processing from the performance results of Grand Hap Hotel Solo Account Receivable in the period from 2020 to 2022, which refers to the percentage of collection results per accounting period.

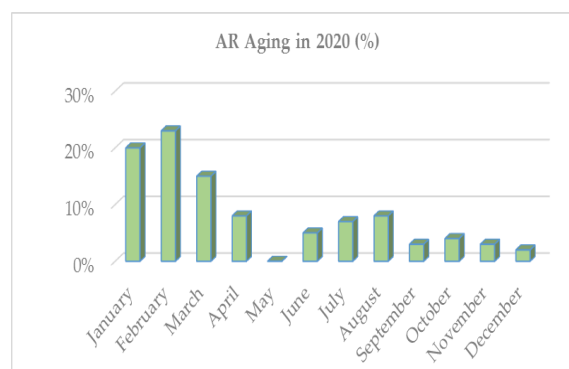


Figure 1. Percentage of AR Aging 2020

From the graph presented in the AR Aging report in 2020, there was a drastic decline due to the covid 19 pandemic, which at the end of the year closed less than 5% of the total collection of existing receivables.

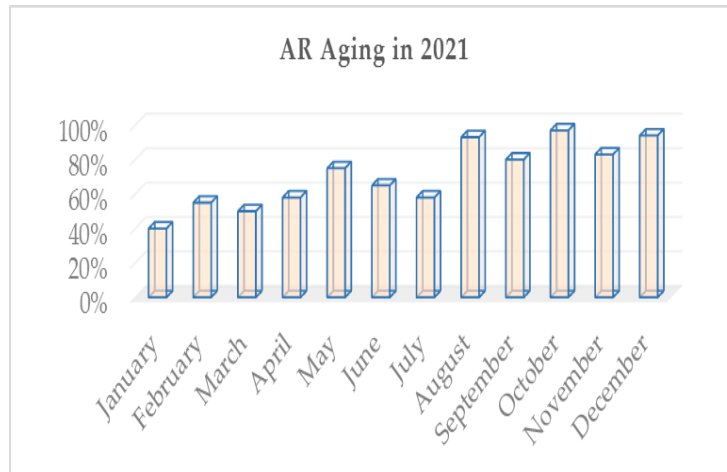


Figure 2. Percentage of AR Aging 2021

From the percentage graph of the total reports presented in the 2021 AR Aging report, there was a significant increase which started at the beginning of the year in the range of 40% and closed at the end of the year at 94%.

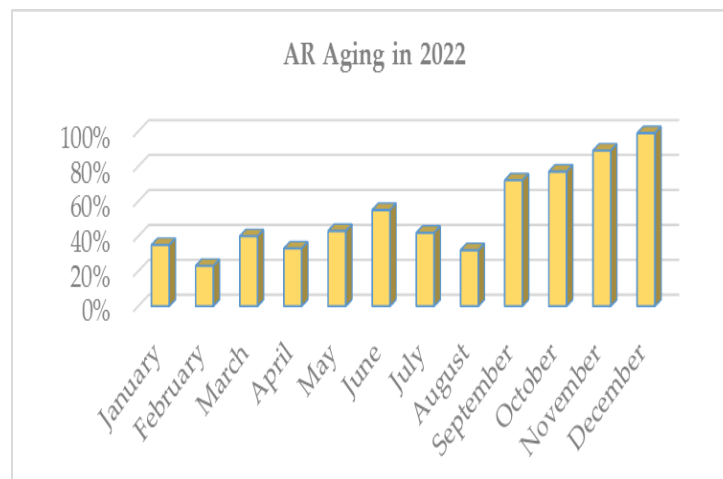


Figure 3. Percentage of AR Aging 2022

In the results of the AR Aging report in 2022, the graph shows that accounts receivable income at the beginning of the year is around 34% and at the end of the year there is a significant increase, almost reaching the highest point of 99%. This is the result of good cooperation between existing departments, as well as the application of receivable governance by the work of Account Receivable in facilitating good relations between the hotel and all companies that are given credit



facilities. Before providing credit to guests and company relations, management needs to make a policy determination of credit facilities to customers / company relations as a form of agreement between management and customers / relations. In determining the provision of this credit facility, 4 elements that need to be considered by management include :

- (1) age of credit facilities;
- (2) standardisation of credit provisions;
- (3) credit settlement policy
- (4) special pricing [6]

Apart from that, the results of this receivables processing are also inseparable from the processing of daily receivables to monthly and annual reports by Account Receivable, both new receivables (current) and receivables that have been more than a month.

The following are the results of processing the age of receivables contained in the report between 2020 and 2022.

Table 1. Age of receivables for the period 2020

Aging	Total AR 2020
1-30 days	192
31-60 days	36
61-90 days	10
91-120 days	0
over 120 days	0

Table 2. Age of receivables for the period 2021

Aging	Total AR 2021
1-30 days	878
31-60 days	49
61-90 days	15
91-120 days	1
over 120 days	0

Table 3. Age of receivables for the period 2022

Aging	Total AR 2022
1-30 days	639
31-60 days	32
61-90 days	5
91-120 days	0
over 120 days	0



From the results of the comparison between 2020 and 2022, it is found that the age of receivables between 1 - 30 days can be well conditioned, compared to the age of receivables above 30 days. It can even be taken that the average age of receivables that exceed 30 days is only around 0.1%. This shows that the performance and effectiveness shown by Account Receivable is good and as expected. Where effectiveness is the ability of a person who is able to realise the results of his work in accordance with the company's objectives that have been set [7]. By referring to the suitability of the application of job descriptions and standard operating procedures in each operational implementation in the field, the effectiveness of credit sales is also improved can run well. And this is always followed up by prioritising the recording of cash expenditure in a regular and structured manner, checking back on the cashier outlet section accompanied by in-depth information related to the company's partners / relations who become customers [8].

3.2. Discussion

Basically, sales on credit if managed properly can provide considerable benefits for the hotel's own financial operations. However, if it is only limited to management without regular planning or control, it will make a loss for the hotel itself. Therefore, in order to obtain maximum profit, the size of trade receivables must be managed properly. The receivable itself arises from the policy of granting credit and selling on credit. Where cash receipts from credit sales can be realised if the receivables that arise can be collected [9]. The Account Receivable section at Grand HAP Hotel Solo itself has four main tasks, namely making bills in the form of invoices, completing payments using credit cards, making daily collection reports, and inputting system data related to payment locations. The application of this division of duties and responsibilities policy aims to make it easier for employees to carry out their duties which are of course adjusted to the job description and standard operating procedures. As a first step, namely:

1. Break down the city ledger master report created by the night audit and scrutinise the accompanying documents before posting each bill according to its respective classification in the city ledger.
2. Furthermore, invoicing is carried out every time making bills to customers accompanied by complete documents either by mail or telephone to ensure payment.
3. Make daily reports on collections obtained into the Daily Collection Report and post each collection result on the city ledger card/report and the necessary corrections or



adjustments in accordance with applicable regulations. This receivables turnover shows an attempt to measure how often receivables become cash in a certain period. The high and low receivable turnover that occurs is due to the level of credit sales payments in one year increasing or decreasing depending on the management of receivables applied [10]. By knowing the level of accounts receivable turnover, it can be seen the level of accounts receivable turnover in each period. In general, it can be concluded that the company's cash flow turnover can be achieved well if it is balanced with a higher ratio of accounts receivable turnover in its operations [11].

4. Carrying out control, the Account Receivable always books account receivable transactions based on D'cards in the city ledger control book/list. This is done as a form of control on each age of receivables to be precise in the billing process towards payment settlement. And this is a step in effective receivables management to manage receivables to avoid losses, so that it is expected to increase daily operational profits for hotel management.
5. Make Reminders to guest bills that have exceeded the credit limit in accordance with the applicable credit facility provision policy. This is done as a form of control of uncollectible receivables. This control must be further improved by controlling costs on the sales results of each main product in daily operations and coordinating with customers or company relations who are given credit facilities before the specified payment due date. It is also necessary to increase the percentage of collection of existing receivables [12]. Because if internal control over receivables is not running properly, it will result in ineffective collection of receivables which results in an increase in the risk of bad debts [13]. In controlling the amount of receivables, a careful planning stage and in-depth analysis are needed, so that during the process of collecting receivables from guests / company relations it can be done as effectively and efficiently as possible [14].
6. Administrative order, the Account Receivable section conducts a re-check regarding the detailed accounts receivable report (out standing balance) which must be followed up immediately, closing the Aged Trial Balance Account Receivable based on the city ledger, guest ledger and city ledger control list. This is also accompanied by its complementary documents. In addition, make a list of customer / partner receivables that have been long



and uncollected (city ledger uncollected) to immediately get certainty of elimination and submit to the board of directors / owner. Because the increase in uncollectible receivables can interfere with financial performance. In addition, if there is a relatively low percentage of accounts receivable turnover, this indicates a lack of efficiency of collection work during that period due to the length of collection carried out. So that this will worsen the condition of the company's cash flow.

It can be concluded that the more the acquisition of receivables from credit sales, both goods and services that are not on time as agreed, then this will certainly slow down the level of receivables turnover itself or vice versa, so it is necessary to minimise problematic / uncollectible receivables. In order to overcome this uncollectible accounts receivable problem, it should be necessary to make an allowance for receivable losses. Where the method of applying the allowance for receivable losses is as an indirect write-off policy using a calculation based on a percentage of sales. The losses incurred by uncollectible receivables are reported on the income statement / profit and loss which will reduce sales profit. While on the balance sheet report it is conditioned as a receivable loss reserve which will reduce the amount of the receivable itself so that the value of the company's assets is reduced by itself. Furthermore, the amount of loss of receivables is calculated by multiplying a certain percentage by the amount of sales for that period, then a journal is made and will be included in the profit and loss statement as other expense [15]. With the application of this receivable loss reserve, the amount of receivable loss costs will appear so that the income statement / profit and loss will present the actual profit and by deducting the cost of receivable losses, it will affect the company's own taxes.

4. Conclusion

The effectiveness of receivables management carried out by Account Receivable Grand HAP Hotel Solo can run well by referring to job description and operational standards starting from making detailed city ledger reports, posting each bill according to its respective classification on the city ledger, collecting both by letter and telephone by ensuring payment, making a report on bills that have been paid (daily collection report) and depositing in detail to the general cashier. In addition, make reminders letters to company relations / partners for receivables that have exceeded the credit limit in accordance with applicable regulations and post each collection result on the city ledger card / report and correction or adjustment in accordance with the provisions and



policies determined by the company. For monthly tasks, it starts from cross-checking the outstanding balance that must be followed up immediately, closing the Aged trial balance of receivable accounts based on the city ledger, guest ledger, city ledger control list and conducting credit meetings. For annual tasks, it starts from making a detailed list of uncollected bills (city ledger un-collected) to be written off and submitted to the board of directors / owner. Through these stages of work, the effectiveness of Account Receivable work is able to manage the turnover of receivables in a timely manner and facilitate the turnover of existing cash flow.

The implementation of receivables management by Account Receivable is in accordance with the applicable procedures, but related to the implementation of reminders to customers who have exceeded the credit limit in accordance with applicable regulations has not been implemented properly, so with this it should be improved so that the role of Account Receivable in collecting receivables can be carried out faster and smoother. In addition, it is also necessary to apply a reserve for receivable losses to anticipate losses incurred by uncollectible receivables.

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