

# Analysis of Credit Sales Management and Bad Debt Write-Off Practices: Evidence from an Indonesian Trading Company

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This study examines the management of credit sales and the practices used to recognize uncollectible accounts in an Indonesian trading company. The research aims to evaluate the effectiveness of credit approval procedures, billing processes, and the treatment of doubtful receivables in supporting sound financial reporting and risk control. A qualitative case study approach is employed through interviews with 2 finance personnel and analysis of internal documents related to sales transactions, receivables administration, and write-off procedures. The findings indicate that structured credit screening and coordinated roles between sales and accounts receivable units are essential to mitigate default risk. However, the recognition of uncollectible accounts is still dominated by a direct write-off approach, which may reduce the timeliness and prudence of expense recognition. Strengthening credit policy, enhancing collection monitoring, and adopting a more anticipatory allowance-based approach are recommended to improve the reliability of financial information and the sustainability of credit sales operations.

**Keywords:** Credit Sales, Accounts Receivable, Bad Debt, Write Off Practices, Financial Management

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## 1. Introduction

PT. HI is a trading company engaged in the importation of furniture fittings and architectural hardware. The company was first established in 1923 in Nagold, Germany. Since its establishment, the Swabia region has been recognized as one of the most economically successful areas in Germany. Along with the growth of Häfele, many German companies in the automotive, electronics, and mechanical engineering industries have developed into well-known global brands within the Swabia region. The company determines strategic targets from its headquarters in Nagold, Germany, which also controls the core strategic activities of its global operations.

PT. HI is a leading global supplier and partner for the woodworking and construction industries, architects, interior designers, and property developers. In Indonesia, PT. HI was established on December 19, 1995, and is currently headquartered at Taman Tekno BSD, Block A No. 3, Serpong, South Tangerang. The company also operates several branch offices, including those in Bandung, Yogyakarta, Semarang, Surabaya, and Bali. Through an integrated data system connected directly with the Häfele warehouse in Nagold, Germany, the company is able to provide real-time information regarding stock availability. In 2014, Häfele recorded a turnover of EUR 1.035 billion with subsidiaries operating across 6 continents. The proportion of overseas turnover reached 76%, and the company employed more than 6,000 dedicated employees committed to enhancing corporate revenue and profitability.

In general, companies producing goods and services are established to achieve predetermined objectives, particularly those related to the firm's economic condition, including the objective of obtaining and

maximizing profit while maintaining the required level of quality. To achieve these objectives, companies are required to improve organizational performance through appropriate strategies, one of which is the implementation of an accounting system. The accounting system represents a strategic instrument to enhance organizational effectiveness and efficiency, within which the sales system constitutes a crucial subsystem. The sales system comprises a set of integrated processes designed to meet customer needs while simultaneously generating satisfaction and profit.

Every company seeks to generate profits in line with expectations, which are primarily derived from sales activities, either in the form of cash sales or credit sales. In the current competitive business environment, firms are required to adopt appropriate strategies and exert greater effort to capture market share in order to maintain sales stability and stimulate sales growth. One strategy commonly adopted to increase sales volume is the provision of credit facilities to customers, as credit sales tend to attract higher customer interest. PT. HI implements 2 primary sales methods, namely cash sales and non-cash or credit sales.

Cash sales refer to trading activities in which the seller receives payment from the customer prior to the delivery of goods. In contrast, credit sales involve an agreement between the seller and the buyer regarding the payment period, whereby goods are delivered in advance and payment is received in accordance with the agreed maturity period. Following the occurrence of credit sales, trade receivables arise and are subsequently subject to collection once they reach maturity. The primary objective of receivables collection is to maximize cash inflows from outstanding receivables and to minimize potential losses resulting from the provision of credit.

Accounts receivable collection represents the process of converting receivables arising from the sale of goods or services into cash. The effectiveness of receivables collection can be assessed through activity ratios that measure the extent to which a company efficiently utilizes its resources. The acceptance of credit sales entails a relatively high level of risk, as customers may fail to comply with the agreed contractual terms, which may ultimately impose financial burdens on the company. Therefore, in accepting credit sales, companies are required to implement specific procedures to mitigate such risks.

Not all customers are eligible to conduct transactions on a credit basis. Credit facilities are generally granted only to corporate customers with complete address information and registered tax identification numbers, regular customers who have engaged in periodic purchases over the previous 1–2 years, customers with a consistent record of timely payments over the same period, and customers who maintain special relationships with top management. Consequently, the acceptance of credit sales must be preceded by a thorough assessment of the customer's creditworthiness. Once a customer is deemed eligible for credit with an agreed maturity period, the subsequent process includes the issuance of a purchase order, the delivery of goods, and the issuance of an invoice reflecting the agreed receivables maturity period.

The receivables maturity periods applied include 30 days, 60 days, 90 days, and 7–14 days, which are generally imposed on small enterprises or individual customers, each subject to different credit limits and payment methods, including cash, giro, cheque, and bank transfer. Credit sales significantly influence corporate revenue and cash inflows. Consequently, companies tend to increase the volume of credit sales within a given period. According to Mulyadi (2008), credit sales are conducted by companies by delivering goods in accordance with customer orders, and for a certain period the company holds receivables from the buyer.

In Indonesia, sales constitute one of the most essential aspects of daily economic activity. High levels of public consumption encourage business owners to continuously improve production and selling costs, product quality, and sales strategies. In the business environment, various strategies are employed to increase sales volume and customer loyalty. Effective sales strategies contribute to higher sales

performance, market share expansion, and the attainment of optimal profits, which represent one of the primary objectives of business owners.

There are several types of business entities in Indonesia, including extractive companies, industrial or manufacturing companies, agrarian companies, service companies, and trading companies. Statistics Indonesia reported, based on the Economic Census conducted in 2016, that Indonesia had approximately 26.71 million non-agricultural business entities. The census, which is conducted every 10 years, recorded an increase of approximately 17.51% compared to the conditions observed in 2006, representing an increase of approximately 3.98 million business units.

Although credit sales may attract customer interest, they also involve inherent risks for companies. Trade receivables are not always collected smoothly, as some debtors may fail to settle their obligations due to financial instability, bankruptcy, or other factors. Uncollectible receivables represent revenue losses that require appropriate accounting treatment, involving reductions in accounts receivable, profits, and shareholders' equity. The risk of uncollectible receivables due to overdue accounts results in declining profits at the end of the period, as higher bad debt expenses reduce net income. Therefore, the management of trade receivables must be supported by effective receivables management practices to control outstanding balances. Hery (2013) defines receivables as claims that will be collected by a company, generally in the form of cash, from other parties.

If receivables are confirmed to be uncollectible in full or in part, the company is required to write off such receivables as bad debts, which represent losses borne by the company due to uncollectible accounts. Accordingly, such receivables must be removed from the allowance records, as the allowance status has transformed into certainty, indicating that the receivables are definitively uncollectible. According to Zaki Baridwan (2004), uncollectible trade receivables, such as those arising from bankrupt, deceased, or insolvent debtors, must be written off and recognized as expenses.

The recording of bad debt write-offs may be conducted using 2 methods, namely the direct write-off method and the allowance method. The direct write-off method is typically applied by small-scale companies or by firms that do not accurately estimate bad debt losses. Under this method, no estimation of doubtful accounts is made at the end of the accounting period; instead, bad debt expenses are recognized only when receivables are confirmed to be uncollectible, and such receivables are subsequently written off and charged as bad debt expense. In contrast, the allowance method is commonly applied by larger companies. Under this method, companies estimate potential losses arising from uncollectible receivables. This estimation is based on all outstanding credit sales and is recognized as an expense and an indirect reduction of accounts receivable through an increase in the allowance account in the period in which the sales are recorded. The allowance method recognizes bad debt expense on an estimated basis in the same accounting period as the credit sales in order to achieve proper matching between revenues and expenses and to present a more accurate value of accounts receivable in the statement of financial position.

Below is a detailed breakdown of credit sales receipts of PT. HI in the first quarter

**Table 1.** Details of Credit Sales Receipts

Month	Credit Sales Receipts	Percentage
Jan	7,060,092,800	9
Feb	5,585,697,047	7
Mar	5,809,212,483	7

Based on Table 1, a slight decline in credit sales receipts can be observed in February and March. The implementation of credit sales inevitably creates the potential for uncollectible receivables. This condition is reflected in the table below.

**Table 2.** Accounts Receivable Write-Off Balance

No.	Customer Name	Sales Representative	Amount of Uncollectible Receivables
1	PT Cahaya Perkasa Sentana	Ari Sepmika	8,364,709
2	Toko Trinity Interior	Ari Sepmika	10,224,001
3	PT Bangunan Inti Jaya	–	8,072,065

Based on Table 2, several customers were identified as having outstanding receivable balances that were classified as uncollectible at PT. HI.

## Literature Review and Problem Statement

### a. Accounting

Accounting functions as a business communication medium, and its application varies across organizations depending on organizational type, scale, and financial complexity. According to the American Accounting Association (1966), accounting is the process of identifying, measuring, and communicating economic information to enable informed judgment and decision-making by users. The American Institute of Certified Public Accountants (1941) defines accounting as the art of recording, classifying, summarizing, and interpreting financial transactions expressed in monetary terms. In line with SAK ETAP issued by Ikatan Akuntan Indonesia (2015), accounting involves identifying, measuring, recording, classifying, summarizing, and reporting financial information to support decision-making. Kartikahadi et al. (2016) and Warren et al. (2014) emphasize accounting as a financial information system that produces relevant reports for stakeholders.

### b. Analysis

Analysis originates from the concept of breaking down a subject into components to understand characteristics, interrelationships, and functions. In general, analysis refers to a systematic cognitive activity involving decomposition, classification, comparison, interpretation, and meaning-making to support structured understanding and evaluation (Sugiyono, 2017).

### c. Credit

Credit is rooted in the concept of trust between creditor and debtor. According to the Indonesian Dictionary (KBBI, 2018), credit refers to deferred or installment-based payment. Kasmir (2014) describes credit as acquiring goods with payment made in installments in the future based on agreement. Thus, credit reflects a deferred payment mechanism grounded in mutual trust and contractual commitment.

### d. Sales

Sales represent a core marketing function involving the transfer of ownership of goods or services from seller to buyer with the objective of generating profit. Mulyadi (2008) defines sales as activities conducted to obtain profit through transactions, while Sulistyowati and Puspitawati (2014) as well as Anggadini (2013) emphasize sales as revenue-generating activities derived from selling products and services to consumers.

### e. Credit Sales

Credit sales are transactions in which payment is deferred based on agreed terms between seller and buyer. According to Soemarso (2009), credit sales generate receivables as current assets. Mulyadi (2008) explains that credit sales involve delivery of goods with subsequent claims on customers, while Samryn (2012) and Sujarweni (2017) highlight the emergence of receivables and agreed maturity terms. Therefore, credit sales constitute sales transactions with time-based payment arrangements.

### f. Method

A method refers to a systematic procedure used to achieve specific objectives efficiently through structured steps. Hasibuan and Moedjiono (2013) define method as an instrumental tool within

strategic implementation, particularly in structured processes such as learning or organizational execution.

g. Accounts Receivable

According to PSAK issued by Ikatan Akuntan Indonesia (2015), receivables represent short-term claims arising from business transactions. PSAK further defines trade receivables as claims resulting from the sale of goods or services. Slamet (2010) describes receivables as claims collectible in cash, while Subramanyam and Wild (2014) define receivables as amounts due from sales, lending, rentals, and interest.

h. Bad Debt Write-Off Methods

Bad debt write-off refers to losses arising from uncollectible receivables. Suadi (2001) identifies 2 methods: the direct write-off method and the allowance method. The direct method recognizes losses only when receivables are confirmed uncollectible, commonly applied by small firms (Baridwan, 2004). The allowance method estimates doubtful accounts in advance and recognizes expenses in the same period as sales, improving revenue–expense matching and the fair presentation of receivables in the statement of financial position (Subramanyam & Wild, 2014).

## 2. Method

This study adopted a qualitative case study approach to obtain an in-depth understanding of credit sales management and bad debt write-off practices implemented by PT. HI, an Indonesian trading company operating in the furniture fittings and architectural hardware industry. The case study design was selected because it allows researchers to explore organizational processes, internal controls, and accounting practices within their real operational context, which is particularly relevant when examining procedures that are closely embedded in daily business activities (Yin, 2018; Creswell & Poth, 2018).

The research setting was PT. HI's head office and selected operational units involved in sales, finance, and accounts receivable functions. These units were chosen purposively because they play a direct role in the approval of credit sales, documentation of transactions, monitoring of receivables, and recognition of uncollectible accounts. Focusing on these organizational units enabled the study to capture the end-to-end process of credit sales, from customer approval to billing and write-off decisions (Sugiyono, 2017).

Primary data were collected through semi-structured interviews with key informants, including staff members responsible for credit control, sales administration, and accounts receivable management. The interviews were designed to elicit practical insights into how credit policies are implemented, how overdue receivables are followed up, and how decisions regarding write-offs are made in practice. This interview technique is consistent with qualitative data collection principles emphasizing flexibility and depth of understanding (Creswell, 2014; Kvale & Brinkmann, 2015).

In addition to interviews, the study utilized document analysis to examine internal records related to credit sales transactions, aging schedules of receivables, collection reports, and write-off documentation over the observation period. These documents were reviewed to identify patterns in credit sales performance, the frequency and characteristics of uncollectible accounts, and the consistency of accounting treatment applied to bad debts. The use of documentary evidence strengthened the credibility of the findings through data triangulation (Bowen, 2009; Yin, 2018).

The data analysis process followed a systematic qualitative procedure involving data reduction, data display, and conclusion drawing (Miles, Huberman, & Saldaña, 2014). Interview transcripts and documentary data were coded thematically to identify recurring patterns related to credit approval procedures, collection practices, and accounting methods for bad debts. The themes that emerged were

then interpreted in relation to established accounting principles and relevant literature to ensure analytical rigor and conceptual coherence.

To enhance the trustworthiness of the findings, the study employed several validation strategies, including source triangulation and member checking. Information obtained from interviews was cross-checked against internal documents and operational procedures to ensure consistency. Preliminary interpretations were also discussed with selected informants to confirm the accuracy of the researcher's understanding of organizational practices at PT. HI (Lincoln & Guba, 1985).

Ethical considerations were addressed by ensuring confidentiality and anonymity of the company and individual informants. The identity of the organization is masked as PT. HI, and no personally identifiable information of employees is disclosed. Participation in interviews was voluntary, and all informants were informed about the purpose of the study and the use of the data solely for academic research (Creswell, 2014).

### 3. Results and Discussion

#### Results

Sales constitute the primary source of corporate revenue, where higher sales volumes directly contribute to greater financial performance. A company's ability to grow is constrained when its products or services fail to compete effectively with those of competitors. At PT. HI, the largest proportion of revenue is generated through credit sales. In general, the procedures governing credit sales at PT. HI are illustrated in Figure 1.

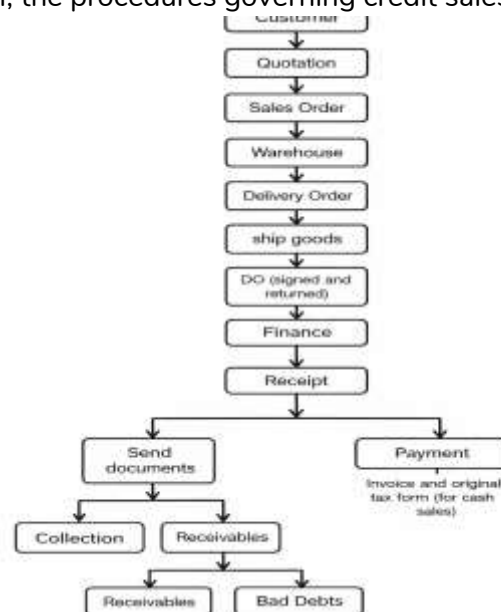


Figure 1. Flowchart of Credit and Cash Sales Receipts

Based on the flowchart presented above, the credit sales process at PT. HI begins with a customer submitting a purchase request through electronic communication channels. The sales unit prepares a quotation that includes product availability, pricing, payment terms, and any applicable discounts. Subsequently, the Sales Administration unit issues a Sales Order based on the customer's purchase order. The Sales Order may proceed if the customer has a good payment history and has not exceeded the assigned credit limit. Otherwise, approval from the finance or accounts receivable unit is required.

Once the Sales Order is approved, the warehouse verifies stock availability, prepares the goods, and issues a Delivery Order in multiple copies for documentation purposes. After the goods are delivered, the signed Delivery Order is returned and forwarded to the finance unit for invoicing and tax documentation. The

Accounts Receivable staff then conducts collection activities in accordance with the agreed receivables maturity period.

### Credit Sales Receipts at PT. HI

The following table presents the credit sales receipts of PT. HI

**Table 3.** Details of Credit Sales Receipts

Month	Credit Sales Receipts	Percentage
Jan	7,060,092,800	9
Feb	5,585,697,047	7
Mar	5,809,212,483	7
Apr	5,934,930,657	7
May	10,683,743,974	13
Jun	6,202,446,057	8
Jul	4,887,052,508	6
Aug	5,767,760,762	7
Sep	6,087,449,531	7
Oct	3,922,167,070	5
Nov	9,233,361,800	11
Dec	10,830,114,311	13
Total	82,004,029,000	100

Formula for Calculating Sales Percentage:

$$\text{Monthly Sales} \div \text{Annual Total Sales} \times 100\%$$

Based on Table 3, the credit sales receipts of PT. HI from January to December fluctuated over the period. Although increases and decreases were observed across months, the variations were relatively moderate and did not indicate extreme volatility in credit sales performance.

### Credit Sales Receipts at PT. HI

The following table presents the credit sales receipts of PT. HI

**Table 4.** Details of Credit Sales Receipts

Month	Credit Sales Receipts	Percentage
Jan	6,172,395,248	7
Feb	7,211,166,324	8
Mar	6,711,329,610	8
Apr	7,824,718,666	9
May	8,177,952,243	10
Jun	5,088,937,078	6
Jul	8,205,385,959	10
Aug	7,111,887,021	8
Sep	6,088,718,211	7
Oct	6,520,397,914	8
Nov	7,258,965,753	9
Dec	8,910,342,157	10
Total	85,282,196,184	100

Formula for Calculating Sales Percentage:

$$\text{Monthly Sales} \div \text{Annual Total Sales} \times 100\%$$

Based on Table 2, credit sales at PT. HI exhibited periodic increases and decreases. Despite these fluctuations, the total credit sales were higher than those recorded in the previous year, indicating an overall improvement in credit-based sales performance.

#### Bad Debt Write-Off Method at PT. HI

When a company writes off receivables, the procedure must follow accounting standards governing bad debt recognition. In general, accounting standards recognize 2 methods for writing off uncollectible receivables, namely the direct write-off method and the allowance method. PT. HI applies the direct write-off method in recognizing bad debts. The amount of uncollectible receivables at PT. HI during the observation period can be identified from the summary of write-offs recorded for the years under review.

**Table 5.** Accounts Receivable Write-Off Balance of PT. HI

No.	Customer Name	Sales Representative	Amount of Uncollectible Receivables
1	PT Cahaya Perkasa Sentana	Ari Sepmika	8,364,709
2	Toko Trinity Interior	Ari Sepmika	10,224,001
3	PT Bangunan Inti Jaya	lin Ryan	8,072,065
Total	—	—	26,660,775

To provide a comparative perspective, the following table presents the accounts receivable write-off balance recorded in the subsequent year.

**Table 6.** Accounts Receivable Write-Off Balance of PT. HI

No.	Customer Name	Sales Representative	Amount of Uncollectible Receivables
1	CV Pillar Gresindo	Ari Sepmika	3,236,482
2	Nuansa Interior Design	Dhiaz Reynaldi	17,608,128
3	Toko Makmur Jaya	Ari Sepmika	1,797,826
4	PT Sarananeka Indahpancar	Stein Prima	11,616
5	Pd Karunia Sampurna	Ari Sepmika	3,455,000
Total	—	—	26,109,052

Based on Tables 5 and 6, the outstanding uncollectible receivables recorded in the 2 observed years did not differ substantially, as the write-off balances in both periods were at a comparable nominal level. Based on these balances, PT. HI recognized uncollectible receivables in its accounting records. The following table presents the write-off of receivables recorded by PT. HI for the subsequent period.

**Table 7.** Receivables Write-Off Records of PT. HI

No.	Customer Name	Sales Representative	Amount of Uncollectible Receivables	G/L Account Description	Debit	Credit
1	PT Cahaya Perkasa Sentana	Ari Sepmika	8,364,709	Provision for Bad Debt – Third Party	8,364,707	–
				Trade Receivables – Third Party	–	8,364,707
2	Toko Trinity Interior	Ari Sepmika	10,224,001	Provision for Bad Debt – Third Party	10,224,001	–
				Trade Receivables – Third Party	–	10,224,001

No.	Customer Name	Sales Representative	Amount of Uncollectible Receivables	G/L Account Description	Debit	Credit
3	PT Bangunan Inti Jaya	lin Ryan	8,072,065	Provision for Bad Debt – Third Party	8,072,065	–
				Customer Advance/Deposit	–	1,927,935
				Trade Receivables – Third Party	–	10,000,000
Total	—	—	26,660,775	—	—	—

To facilitate year-on-year comparison, the following table presents the receivables write-off records for the subsequent year.

**Table 8.** Receivables Write-Off Records of PT. HI

No.	Customer Name	Sales Representative	Amount of Uncollectible Receivables	G/L Account Description	Debit	Credit
1	CV Pillar Gresindo	Ari Sepmika	3,236,482	Provision for Bad Debt – Third Party	3,236,482	–
				Customer Advance/Deposit	–	124,018
				Trade Receivables – Third Party	–	3,360,500
2	Nuansa Interior Design	Dhiaz Reynaldi	17,608,128	Provision for Bad Debt – Third Party	17,608,128	–
				Trade Receivables – Third Party	–	17,608,128
3	Toko Makmur Jaya	Ari Sepmika	1,797,826	Provision for Bad Debt – Third Party	1,797,826	–
				Trade Receivables – Third Party	–	1,797,826
4	PT Sarananeka Indahpancar	Stein Prima	11,616	Provision for Bad Debt – Third Party	11,616	–
				Trade Receivables – Third Party	–	11,616
5	Pd Karunia Sampurna	Ari Sepmika	3,455,000	Provision for Bad Debt – Third Party	3,455,000	–
				Customer Advance/Deposit	–	409,630
				Trade Receivables – Third Party	–	1,797,826
Total	—	—	26,109,052	—	—	—

Based on Tables 7 and 8, the journal entries indicate that PT. HI applies the direct write-off method in recognizing uncollectible receivables.

## Discussion

### Credit Sales Receipts at PT. HI in 2023

Based on data, credit sales in 2023 fluctuated across months, with several periods of decline followed by recovery. The decreases were primarily associated with overdue receivables and customers exceeding approved credit limits. In such cases, new orders were temporarily suspended by the sales administration unit, and customer accounts were blocked by the finance and credit control function until outstanding balances were settled or a payment commitment was provided. This mechanism reflects the company's internal control to mitigate receivables risk.

### Credit Sales Receipts at PT. HI in 2024

As shown in data, credit sales in 2024 also exhibited periodic increases and decreases. Compared to the previous year, the frequency of declines was lower, and the total credit sales volume was higher. This indicates relatively improved sales performance despite short-term fluctuations. Overall, the aggregate credit sales in 2024 exceeded those recorded in 2023, suggesting a positive trend in credit-based revenue.

### Bad Debt Write-Off Practices at PT. HI

The write-off records indicate that several customer accounts were classified as uncollectible in both observed years. In 2023, a smaller number of customers accounted for a relatively higher total write-off value, whereas in 2024, more customers were written off, but with smaller individual amounts. Consequently, the total value of receivables written off declined slightly in the later period, reflecting a marginal improvement in overall receivables quality.

### Factors Contributing to Uncollectible Receivables

Uncollectible receivables at PT. HI were influenced by both external and internal factors. External factors included customer bankruptcy, inability to be contacted, or business closure. Internal factors were associated with weaknesses in customer screening, credit evaluation, and monitoring processes. In certain cases, inappropriate practices or collusion between internal sales personnel and customers may also contribute to credit risk exposure.

### Application of the Direct Write-Off Method

The accounting treatment of bad debts at PT. HI demonstrates the application of the direct write-off method, whereby receivables are expensed only when they are confirmed to be uncollectible. This practice is consistent with the framework described by Baridwan (2004) in *Intermediate Accounting*, which recognizes the direct method as a legitimate approach, particularly in contexts where reliable estimation of doubtful accounts is limited.

### Comparison with the Allowance Method

Illustrative journal entries presented in the analysis show that, had PT. HI applied the allowance method, bad debt expenses would have been recognized through prior estimation and matched with sales in the same period. This comparison highlights the conceptual difference between the direct write-off method, which recognizes losses at the time of write-off, and the allowance method, which emphasizes accrual-based matching of expenses with revenues.

## Implications for Financial Reporting Quality

While the direct write-off method applied by PT. HI aligns with the approach outlined by Baridwan (2004), the method may reduce the timeliness of expense recognition and the prudence of receivables valuation. The findings suggest that adopting a more anticipatory approach to recognizing doubtful accounts could enhance the relevance and reliability of financial information for internal decision-making and external stakeholders.

## 4. Conclusion

This study provides empirical insights into the management of credit sales and the recognition of uncollectible receivables at PT. HI within the context of a trading company operating in a competitive market environment. The findings indicate that credit sales constitute a major source of corporate revenue and play a strategic role in sustaining customer relationships and market reach. However, the reliance on credit-based transactions inherently exposes the firm to receivables risk, which requires consistent monitoring, disciplined credit approval, and coordinated collection practices across functional units.

The analysis shows that fluctuations in credit sales are closely associated with internal credit control mechanisms, particularly the temporary suspension of orders for customers with overdue balances. This practice reflects the company's effort to balance revenue generation with risk mitigation. Furthermore, the recognition of uncollectible receivables is carried out using the direct write off approach, whereby losses are recorded only when receivables are confirmed to be irrecoverable. While this method is operationally simple and compliant with certain accounting perspectives, it may limit the timeliness of expense recognition and the prudence of receivables valuation. The study underscores the importance of strengthening credit assessment procedures, enhancing receivables monitoring, and improving coordination between sales and finance functions. These measures are expected to support more sustainable credit sales practices and improve the quality of financial information for managerial decision making.

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