Revenue Cycle In Accounting Information Systems

Azhar Susanto, Meiryani

Abstract: The income cycle is the direct exchange of the final product and service into cash in one transaction between the seller and the buyer. So, a series of business activities and related information processing activities that keep repeating by providing goods and services to customers and collecting cash as payments from those sales. Income cycle goals: (1) Record sales orders quickly & accurately; (2) Check customer credit worthiness; (3) Send products or services according to the specified day; (4) Make billing in a timely and accurate manner; (5) Record and classify cash receipts quickly and accurately; (6) Post sales and cash receipts in the appropriate accounts receivable subsidiary; (7) Secure the product until the item is sent; (8) Secure cash until deposited. Three (3) The concept of the revenue cycle: (1) Sales order processing, (2) Sales return procedures, (3) Cash receipts processes. Sales order processing is the activity of receiving and processing orders from customers, filling orders, and sending products to customers, customers paying at certain times, and correctly entering transactions. The sales department records order details on the order form. The transaction will be approved by the credit department. After that, the warehouse will be delivered. Goods, shipping slips, and bills will be prepared by the sender and received by the customer. The authorization section is different from the sales order processing section. Control inventory separate from the warehouse section. Accounts receivable is separate from the general ledger control account section. Process in sales order processing: (1) Receive Order; Check Credit; Pick Goods; Ship Goods; Customer Bill; (2) Update Inventory Records; Update Accounts Receivable; Post to General Ledger.


1 INTRODUCTION
Humans in maintaining their lives do various ways, one of which is conducting business activities or activities. Through these activities humans can fulfill the demands of their lives which are increasingly complex. Human life in modern times is so fast spinning. Every day people work to maintain their lives. A fast-paced life spurs humans to be able to meet their life needs quickly too. Meeting the needs of life quickly has encouraged and opened opportunities for humans to conduct business activities. The business activities themselves are characterized by various forms of business relationships or business cooperation involving business people. Business relationships or business cooperation that occur is very diverse depending on what business sector is being run. With the development of business activities now, the need for capital or funds for businesses is also increasing. Therefore, the means for providing funds needed by businesses or the community need to be expanded. Generally, these funds can be provided by banking institutions through credit facilities. However, credit facilities from banks are very limited and not all businesses have access to funding assistance from banks. In addition, these banking institutions also need guarantees that sometimes cannot be fulfilled by the business actors concerned, so another effort is needed, namely without guarantee and easier the process. Other efforts can be made through a type of business entity, namely through a Financing Institution. One of them is Credit.

2 LITERATURE REVIEW

2.1 Revenue Cycle
The income cycle is a series of business activities and related information processing activities that continue to provide goods and services to customers and collect cash as payments from the sales. The Income Cycle is an income procedure starting from the part of selling credit authorization, taking goods, receiving goods, billing up to cash receipts.

B. The purpose of the revenue cycle
The main purpose of the income cycle is to provide the right product in the right place and time at the right price. In order to achieve this goal, management must make several important decisions including:

- Knowing how far the product can and must be tailored to each customer’s needs and desires.
- Control a lot of inventory that must be owned and the place for the inventory.
- Use the right way to deliver merchandise to customers.
- Determine the amount of credit that should be given to each customer.
- Determine the credit terms that should be given to customers.
- Determine how customers pay so that they can be processed to maximize cash flow.

2.2 General Income Cycle Activities
The income cycle is a series of business activities and related information processing activities that continue to provide goods and services to customers and collect cash as payment from the sale. The main purpose of the income cycle is to provide the right product in the right place and time at the right price. 4 basic business activities carried out in the revenue cycle in general:

1. Acceptance of orders from customers
   a) take customer orders
   b) Credit approval
   c) Check inventory availability
   d) Answering customer requests

2. Delivery of goods
   a) Take and pack the order
   b) Send order

3. Billing and accounts receivable
   a) Billing
   b) Maintenance of accounts receivable data
   c) Exceptions: Account adjustments and deletions
4. Cash billing

2.3 Manual Procedure in the Sales Ordering System

Promotion:
1. Sales seek customers by distributing brochures
2. If the customer believes, the customer will check the price to the salesperson
3. If the customer is interested/matches the price then it will then be processed to the sales department

Sales process:
1. Customers come to souroom to place orders for goods, and the customer attaches data (household ID card, KK, electricity, PB, NPWP, etc.) and starts the vehicle loan application that is desired/desired
2. Customers negotiate prices, down payments, and installments to sales, and sales provide installments according to the prices listed in the brochure.
3. Sales provide customer data/cust to the leasing/credit marketing officer (CMO) for further processing.
4. The order in the form of data is likely to be accepted or rejected. If the re-submission is refused again, if accepted, the leasing party informs souroom to immediately send the unit / leasing party to give the loan approval letter to the souroom.
5. After the unit is received by the customer unit, the ownership will immediately be realized to the customer.
6. The souroom will give a bill to the leasing.
7. Customers will confirm / clarified by the leasing party that the due date is in accordance with BASTK 9 proof of the handover of the vehicle, and the contract will be given no contract payment agreed by the customer.
8. Finish

Ordering process:
1. The leasing party contacts souroom / gives approval to the customer for the approved unit.
2. The souroom party prepares the unit to be sent
3. shipping units to the customer
4. after the unit arrives at the customer, the process of proof of the handover of the vehicle consists of 3 attachments
5. From the 3 attachments the leasing party deviates, the customer saves, and souroom parties also save.

Payment process:
1. The customer gives the contract no installment payment
2. then from the cashier will look for the contract data no installment payment transactions
3. the cashier input installment payment and then save it on the internal disk
4. after that the cashier will provide proof of payment of 2 copies 1 to the customer and the one saved by the cashier.

2.4 Credit Sales

Credit sales
- Sales Department

The first process of sales is in the sales department where the department will record the type of goods and the quantity of merchandise that the customer will order.

- Credit Department

In this department, it has an initial process of conducting an agreement transaction, which by looking at the feasibility of the customer in terms of purchasing credit to the customer. In deciding the nature/type of inspection will be adjusted to the real conditions at the time of the sale.

- Delivery Department

The task of this department is to send goods ordered to customers. In this process, the shipping department receives travel documents and shipping documents for merchandise. Then this department provides shipping documents along with the items ordered to the customer.

- Warehouse Procedure

The sales department sends a copy of the 9 release stock item also called the taking ticket) from the sales order to the warehouse section.

- Billing Department

The Billing Section receives two documents and is then put together into an invoice. The document is SO copy received from bag. Sales and Shipping Notes given by bag. Delivery. Chap. Billing then compares and sums up all costs incurred to then make the appropriate invoice.

- Inventory Control Department

The inventory control department uses goods expenditure documents to update inventory subsidiary ledgers (subsidiary ledger inventory).

- Trade Receivables Department

The task of this department is to post data copies of sales order ledgers to the accounts receivable ledger. So that the existence of this department will make it easier for the company to know how much receivables it has and know which customers have not repaid the debt.

- General Ledger Department General

In this department, all types of documents will be provided and will be processed. Related data are journal documents from the billing department and inventory control department. In addition, a summary of accounts from the accounts receivable department. This is done at the closing of the processing period.

- Sales Returns

Caused by several things, including:
1. The seller sends the wrong item
2. The goods sent are apparently defective / defective
3. The item is damaged at the time of delivery
4. The seller sends the item too late or there is a delay due to delays during transit, and the buyer refuses the shipment

- Goods receipt department

When goods are returned, the reception staff calculates, checks and prepares the return slip describing the item.
Sales Department
When receiving a return slip, the sales staff prepares a credit memo. This document is a legitimate tool for customers to receive payments for returned items.

Credit department
The credit manager evaluates the conditions of return and makes a decision to give or reject the return.

Billing department
Collection staff receive credit memos from the sales department and record the credit in the sales journal as a counter entry.

Inventory control and accounts receivable department
Inventory control staff adjust inventory records and forward credit memos to the accounts receivable department, where customer accounts will be adjusted.

General ledger department
General department staff receive journal vouchers from the billing and inventory control department as well as account summaries from the accounts receivable department.

Cash receipts
The reception room for documents accepts checks from customers along with payment requests. This document contains the main information needed for a customer account.

Cash receipt department
The cashier verifies the accuracy and completeness between checks and payment requests. Every lost and wrong check is sent from the document receipt room and the cash receipt department is identified in this process.

Trade accounts receivable department
The accounts receivable department staff performs the payment request bookkeeping process on the customer's account in the accounts receivable subsidiary ledger.

General ledger department
Periodically, the ledger department receives journal vouchers from the cash receipt department and summary accounts from the accounts receivable department.

Controller department
Periodically (weekly or monthly), staff from the controller department match cash receipts by comparing the following documents:
1. A copy of the payment request list
2. Bank deposit slip received from the bank
3. Journal vouchers from the cash receipt department and the accounts receivable department.

Revenue Cycle Report
The application system in the revenue cycle produces three types of reports, namely:

- Control report
The accounting system produces control reports as long as the system processes multiple changes to a file. The control report may open a transaction, the total amount or a number of transactions or a list of changes that are made during file maintenance.
- Register
Is a list of all transactions of a certain type that are processed during a single processing period. Lists are an important component of the accounting system because the list provides audits where the list allows the auditor to link the general ledger account document transactions that summarize them.
- Special reports
Divided into 4, namely:
1. Customer reports
A customer report is a list of all transactions on a customer's account for a certain period of time. Many companies send accounts to each active customer on a monthly basis. This shows the sales aimed at the customer, because the last account, the payment received and the balance is still owned by the customer.

Monthly accounts have 2 benefits, including:
- The account allows customers to monitor transactions in their accounts. This may open errors or irregularities detected by control procedures in the accounting system.
- The account reminds customers to pay their accounts faster.
- Trial account balance is stored
Is a list of all customers and the balance they have on a certain date. When the trial balance is stored, each customer balance is categorized according to how long this exists.

A list of remittances adds up all flows and checks received for one day. This makes total control over the cash receipt, prevents the thief, and makes sure that no receipt is lost before being credited to the customer's account.

Sales analysis report
From the accounting files in the income cycle, the sales analysis application generates various reports on management performance. And this analysis application summarizes sales revenue, prices, profit limits by customers, production, sales services, or by sales territory. The analysis report also allows marketing management to evaluate production profits, sales personnel performance or as a result of advertising or special promotions.

Flowchart related:
> Sales Returns

Discussion
Computer-Based Procedure in a Sales Ordering System
The bookkeeping principle on a computer-assisted system is the same as a manual system. The computer functions to automate manual work and to enable the presentation of reports more quickly, completely, and reliably. On a computer-assisted file bookkeeping system in the form of a file or data base. The data base is a collection of files.

Category files:
§ Transaction files, this file contains data on certain transactions, such as sales transactions, cash receipts, and sales returns. The data in the transaction file is used as the basis for updating the master file.
§ Master file, this file contains complete data for each customer and is available to all customers.

o Automating the Processing of Sales Orders with Batch Technology
  - Enter data
  This process begins with the receipt of a set of shipping notification documents from the shipping department. This document is a copy of the order from the sale that contains information about the number of units sent and information about the customer.
  - Editing
  The batch sales system is carried out regularly. Depending on the volume of transactions and the need for the latest information, this can be done only once on weekdays or several times per day.
  - Update procedure
  The process of updating direct access using sample data. Starting from the top of the editable sales order file, the update program enters the first transaction into the inventory subsidiary ledger record and accounts receivable by using the secondary key (inventory number and account number) to find the corresponding record directly. Transaction records are recorded in a journal, and the program then moves to the next transaction and repeats this process.
  - Re-engineering of Sales Order Processing with Real-Time Technology
    - Transaction Processing Procedure
      - Sales procedure
      At real time processing, sales staff receive orders from customers and process each transaction separately at that time.
      - Warehousing procedures
      Warehouse staff computer terminals immediately print out items that will be sent electronically.
      - Shipping Department
      The dispatching staff matched the items, the item dispensing documents, and the packing slip made by the computer terminal.

  - Advantages of processing in real time
    - Rail-time processing will greatly simplify the company's cash cycle.
    - Real-time processing can give companies a competitive advantage in the market
    - Manual procedures tend to produce administrative errors, such as errors in account numbers, invalid inventory numbers, and errors in calculating prices.

Automatic Cash Receipt Procedure
- Document reception room
Document acceptance space separates checks from payment requests and prepares payment lists.
- Cash receipt department
  The cash reception staff matches checks and payment lists and prepares deposit slips.
- Trade accounts receivable department
  The staff of the accounts receivable department receives and matches payment documents and payment lists.
- Data processing department
  At the end of the working day, the batch program matches journal vouchers with cash receipt transaction files and updates the accounts receivable subsidiary ledger and general ledger control account.

4 Conclusion
The income cycle is a series of business activities and related information processing activities that are repeated by providing goods and services to customers and collecting cash as payments from those sales. The four basic activities in the income cycle are order sales, shipping, billing and accounts receivable entries, and cash billing entries. SIA must be designed to maximize efficiency where each of these functions is carried out. SIA must also include adequate internal control procedures to reduce threats such as uncollectible sales, collection errors, and inventory and cash loss or misuse.

Revenue Cycle Application
1. Receivable Billing System
   - Postbilling system, in this system a sales invoice is made after confirmation that the item has been sent. This system is commonly used in manufacturing companies, where there is often a time difference between receiving sales orders and shipping goods
   - Prebilling system, in this system the sales invoice is made (but not sent) after the sales order is approved (for example after the credit is approved and the item is available).

2. Trade Receivable System
   Accounts receivable is a number of values that are the company's rights as a result of the occurrence of sales transactions on credit. There are 2 basic approaches in the application of accounts receivable, namely:
   1) Open account processing
      Separate notes are made for each customer invoice. When the money transfer receipt is received, it is matched to the invoice - the invoice that has not been paid.
   2) Balance processing
      Notes - customer notes are charged to the total balance of customer accounts and not to invoices - customer invoices.

Processing of trade receivables is a very complex matter in a number of companies. Large-scale financial insurance companies or banks can have separate accounts which are very large. Processing problems sometimes arise in time, so it is not uncommon for a company to use a cycling billing plan, where the trade receivable archive is separated either alphabetically or account number. Receivable collection is done in stages, for example in 1 month divided into 3 or 4 billing periods. So that this policy indirectly affects the smooth flow of cash inflows of companies. Because usually the customer will immediately pay the debt shortly after receiving the surattagihandari from the company.

3. Sales Returns and Allowances
   This account arises when there is a return or return of goods that have been sold. This is due to among others, damage to goods, depreciation of the amount, errors in recording, etc. The number of items returned or returned will reduce the number of transactions that occur. The number of deductions or deductions negotiated between customers and salespeople and must be reviewed and authorized by an independent party, such as the credit department.

4. Removal of Accounts Receivable
   The main focus of the written-off receivables is that the receivables that have fallen due are completely unbillable. Other ways that might be done for the elimination of accounts receivable do not occur, for example, are by warning letters,
follow-up letters or collection agencies.

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**REFERENCES**


