

Processing

The student has processed financial information for the entity's accounts receivable subsystem.

Elements of the accounts receivable subsystem

Credit Checking

Credit checking potential customers means making sure debtors will be able to pay their accounts, by asking them to complete a credit application form and checking their past payment history.

Accounts receivable subsidiary ledgers

Wellington Wholesalers prepare accounts receivable subsidiary ledgers which provide individual accounts for each of the customers who make purchases on credit. It records all of the customers' account balances. The sum of all customer accounts balances in the accounts receivable subsidiary ledger should equal to the balance of the general ledger in the accounts receivable control account. As we can see, Wellington Wholesalers has a subsidiary ledger balance that is equal this means there are no errors and no credit was given out incorrectly to customers.

1

Aged debtors report

With this report we can see how long customers' debts have been outstanding for and the totals for each month. Now James will know the amounts he is owed and how long the amount has owed. He can then determine the credit limits for these overdue customers and follow up on them otherwise in the future these customers could turn out to be like B Spears that had \$8150 debt in December and James had to charge her an overdue fee at the end of March.

1

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Statement of debtors

The purpose of the statement to debtors is to make sure that customers are aware of what they owe the business. It can also act as an invoice so customers can see if they are charged the right amount of money making sure there are no errors.