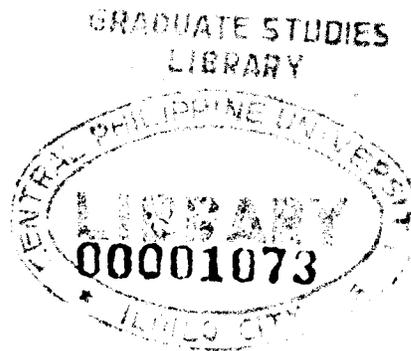


**PAYMENT STATUS OF STUDENTS' ACCOUNTS RECEIVABLE FROM
SCHOOL YEAR 2006-2007 TO SCHOOL YEAR 2009-2010
CENTRAL PHILIPPINE UNIVERSITY**

A SPECIAL PAPER

**Presented to
the Faculty of the School of Graduate Studies
Central Philippine University**

**In partial fulfilment
Of the Requirements for the degree
MASTER IN BUSINESS ADMINISTRATION**



**JET RELOTA NILLOS
April 2012**

**PAYMENT STATUS OF STUDENTS' ACCOUNTS RECEIVABLE FROM
SCHOOL YEAR 2006 – 2007 TO SCHOOL YEAR 2009 – 2010
CENTRAL PHILIPPINE UNIVERSITY**

by

JET RELOTA NILLOS

ABSTRACT

The study investigated the payment status of students' accounts receivable of Central Philippine University for school year 2006-2007 to school year 2009-2010 and the factors associated with the payment status. The study specifically aimed to determine the amount of accounts receivable for SY 2006-2007, SY 2007-2008, SY 2008-2009 and SY 2009-2010 and also to determine the payment status of students in terms of college, sex, classification and employment condition of parents.

This study covered only those new freshmen college and post graduate students who were enrolled in first semesters of SY 2006-2007. The 2,661 new freshmen college and post graduate students enrolled during school year 2006-2007 were followed through the succeeding four years to trace their payment status.

This is a descriptive study. A checklist was used to collect the needed data.

Financial data and personal information taken from the individual student ledger and information sheet respectively were encoded in the computer with the use of Microsoft Excel. Generated data were tabulated for computation and analysis. Tables

were prepared to display, summarize and compare data for an overview and interpretation of the research findings.

Significant findings

1. The accounts receivable for SY 2006-2007, SY 2007-2008, SY 2008-2009 and SY 2009-2010 amounted to P 3,323,653.24, P 2,789,696.73, P 2,850,131.49 and P 2,789,280.31 respectively. The trend of accounts receivable was increasing.
2. The total accounts receivable as of May 31, 2010 amounted to P 6,150,962.55, the highest accounts receivable was from SY 2009-2010 and the lowest was from the SY 2007-2008. The use of enrollment pass started in SY 2008-2009 and this may be the reason why school 2007-2008 had lower accounts receivable as of May 31, 2010.
3. The highest percentage in terms of number of students with balances as of May 31, 2010 mostly came from CARES for three consecutive years, from SY 2007-2008 to SY 2009-2010. The lowest percentage came from the College of Nursing.
4. The highest collection rate was 98.71 percent in the school year 2007-2008. On the average, the collection rate was 97.77 percent.
5. The collection of current accounts had almost the same percentage from SY 2006-2007 to SY 2009-2010 except in SY 2007-2008, wherein the rate of collection decreased a little bit. The collection rate of old account decreases as the account was getting older.
6. Mostly the highest percentage of collection was from the College of Nursing, Doctor of Medicine, College of Law and the lowest rate of collection of account was from the School of Graduates Studies and CARES.

In terms of sex, the collection rate was nearly the same.

In terms of classification, the study revealed that many work students have balances. The salary of a work student was not enough to compensate for the the tuition and fees charges.

Also, many University scholars had account balances even though they availed free portion of the tuition and fees but still they cannot pay their balances in full.

7. Past due 0 – 1 year comprised more than 45 percent of the total receivable, and past due more than one year to four years comprised nearly 55 percent.
8. There were no written off accounts.

The balances shown in Figure 1 are from SY 2003-2004 up to the current school year. Analysis is still going on.

Recommendations

1. During the 1st implementation of the enrollment pass, the collection rate was higher compared to the previous school years therefore, they must continue to have strict implementation of the enrollment pass.
2. Because of higher collection rate during the current year, the University must regularly and continuously follow up accounts receivable within the date of promise to pay because this is the best time to collect as it is still fresh in the memory of students. Keeping a constant touch with them is one way of reminding them of their accounts.
3. Because the School of Graduate Studies was one of the University unit which had the lowest collection rate, there should be revision in the payment scheme because

they only have two major examination, mid-term and finals. Instead of four equal installments it should be made into two like in the Doctor of Medicine.

New payment scheme:

Down payment during enrollment – 50%

Mid – term exam - 50%

Most of the graduate school students are professionals and they already have earnings, so they are capable of paying their financial obligations.

The CARES was also one of the colleges which had the lowest collection rates.

The faculty should employ strict implementation of “no permit no exam” policy.

The same also with the School of Graduate Studies because this will help the University increase its collection rate.

4. One of the highest number of students with balances was the work student category. The University should reshuffle the work students every year. At the end of a semester, the Work Student Coordinator should check the account balances of each work student. For those who have big account they should be transferred to an area where they can have more extra hours and for those who have big credit balances, they should be transferred in other areas where extra hours is less.

They should give emphasis on the attendance of work students. This may be the reason why many work students have account balances because of their absences. The Work Student Coordinator should look deeper into this matter.

The management should analyze the number of work students to be assigned for every department.

5. Corrective measure must be implemented in the credit and collection policies and procedure.

The following steps should be conducted in collecting old accounts:

For P 5,000.00 – P30,000.00 balances

Send the statement of account to all students with balances to remind them that their account are due and payment is expected and with printed reminders in reference to accompanying statements which contain phrases such as “please remit”, “kindly send us your check”, “ please receive this as a courteous reminder” or “ a prompt remittance will be appreciated.” Together with the list of payment centers.

Use of registered mail should be applied if the collection letters sent to the student by regular mail are not answered, a registered letter may be used effectively. By requesting a return receipt, the University is informed when the message has reached the student. Therefore, if an answer is received, within a reasonable period, it may be assumed that the debtor has no intention to pay the amount unless they are forced to do so. A registered letter practically implies a state of urgency demanding the students’ or guardian’s attention.

After all the means have been exhausted, a letter is sent to the debtor threatening him/her to place his/her account in the hands of an attorney unless payment is made within a specified time. If the delinquent debtor fails to respond, the account is handed over to an attorney.

For over P 30,000.00 balances

The University should take immediate action for big long overdue account. They should directly refer this to the legal department.

There is a need to write off the accounts because we cannot say that a student with balances is still willing to go back to the University after so many years or maybe some of them are already dead. The University should set a policy on when to write off an account and the manner of writing off an account. The entries to recognize on