

# Aging of Accounts Receivable

You are the Chief Financial Officer (CFO) of SupplyPro, a fast-growing office supply company. Over the past year, SupplyPro expanded its client base, serving a diverse range of businesses with varying purchasing patterns and credit terms. Managing these accounts effectively is crucial for maintaining strong cash flow and financial stability.

At the end of the year, your CEO requests a detailed analysis of SupplyPro's Accounts Receivable balances. You decide to leverage the power of AI to streamline the analysis of receivables. With AI's help, you wish to categorize, analyze, and visualize the receivables data, enabling you to quickly identify overdue accounts, assess risk, and estimate uncollectible amounts.

Although AI can accelerate these tasks, you are ultimately responsible for the accuracy and reliability of this analysis. It is essential that you carefully review and correct AI errors, or *hallucinations*, before presenting the final report to executive leadership.

## Assignment Directions

1. Go to [www.ChatGPT.com](https://www.ChatGPT.com).
2. Upload the data file SupplyPro\_Receivables.xlsx into the chatbox. This is done by dragging the file into the chatbox or by left clicking the plus button (+) and selecting the data file.
3. Enter the following prompt in the chatbox: *Display the following from the uploaded data file: Customer Name, Accounts Receivable Balance, and Days Past Due.*
4. Verify that ChatGPT accurately read the data from the file.
5. Enter the following prompt in the chatbox: *Sort customers by days past due, along with their receivable balances.*
6. Verify that ChatGPT accurately prepared the list.
7. Enter the following prompt in the chatbox: *Group accounts receivable balances using the following categories: Not Yet Due, 1-30 days past due, 31-60 days past due, 61-90 days past due, and Over 90 days past due. Show a single total accounts receivable balance for each category.*
8. Verify that ChatGPT accurately totaled each category.
9. Enter the following prompt in the chatbox: *Display each category's total in a horizontal bar chart with labels for the accounts receivable balances.*
10. Verify that ChatGPT accurately prepared the bar chart.
11. Enter the following prompt in the chatbox: *Assume that the percent uncollectible for each accounts receivable balance category follows: 1% for accounts receivable that are not yet due; 2% for accounts receivable that are 1-30 days past due; 5% for accounts receivable that are 31-60 days past due; 25% for accounts receivable that are 61-90 days past due; and 35% for accounts receivable that are over 90 days past due. Use these estimates to calculate the estimated balance for the Allowance for Doubtful Accounts. Show a breakdown of the estimated uncollectible amounts by category (including computations) as well as a single total value.*
12. Verify that ChatGPT accurately estimated the balance for the Allowance for Doubtful Accounts.

## Student Questions

1. What is the total accounts receivable balance for each Past Due category?

Not yet due	
1 to 30 days past due	
31 to 60 days past due	
61 to 90 days past due	
Over 90 days past due	

2. What is the estimated balance to be reported for the Allowance for Doubtful Accounts on the year-end balance sheet?

3. Assuming an unadjusted credit balance of \$500, prepare the required adjusting entry to the Allowance for Doubtful Accounts.

General Journal	Debit	Credit