**North East School Division**

**Unpacking Outcomes**

Module 31B: Bad Debts (Optional)

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| **Unpacking the Outcome**  |
| Examine --> bad debts (expense)  |
| **Outcome**(circle the verb and underline the qualifiers)  |
| Examine bad debts expense using the allowance method.  |
| **KNOW**  | **UNDERSTAND**  | **BE ABLE TO DO**  |
| Vocabulary:Direct Write off method of bad debtsAllowance method for bad debitsBook Value of Accounts Receivable | That Which method you use is dependent on the size of your businesses and the number of on account sales you have. | 1. Define write-off using the allowance method and direct write-off.
2. Differentiate between a write-off and a direct write-off.
3. Explain the purpose of the allowance method for recording losses from uncollectible accounts.
4. Compute the amount of estimated bad debt for a business and prepare adjusting entries using the aging and percentage of net sales methods.
5. Perform the entries for writing off an uncollectible accounts receivable, using the write-off from an allowance account method.
6. Account for the collection of an account receivable that was written off.
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| **ESSENTIAL QUESTIONS**  |
|  Which method of handling bad debts allows for the most accurate representation of a businesses Net income? |