**North East School Division**

**Unpacking Outcomes**

Module 31A: Asset Analysis (Optional)

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| **Unpacking the Outcome** | | |
| Analyze --> the ways financial statements are used | | |
| **Outcome**(circle the verb and underline the qualifiers) | | |
| Analyze how financial statements are used when making business decisions related to bad debt. | | |
| **KNOW** | **UNDERSTAND** | **BE ABLE TO DO** |
| Vocabulary:  Bad Debts  Depreciation | That  That the matching principal (GAAP) requires that revenues and expenses are recorded in the fiscal period in which they are incurred.  Financial statements are used by owners, managers, financial institutions and revenue Canada and they all need varying degrees of details.  Depending on the business the accurate reflection of bad debts and depreciation can drastically affect Net Income.  There are multiple methods of calculating both bad debts and depreciation. | 1. Generate a list of who needs access to financial statements and discuss the purpose of granting access (\*1). 2. Define bad debts and depreciation as used within financial statements. 3. Discuss how bad debts, depreciation, and inventory valuations assist in assuring that assets are represented as accurately as possible on financial statements. 4. Explore the inquiry questions: Who is interested in the accurate calculations of assets? Is it practical to aim for no bad debts in every situation? What impact does Canada Revenue Agency have on the amount of bad debt a company may claim? 5. Assess the impact of the GAAPs (\*2) on what is reported on financial statements. |
| **ESSENTIAL QUESTIONS** | | |
| How does depreciation and bad debts affect the financial position of a business?  What happens if I do not collect all the money owed to my business? | | |