# Unit 04 Receivables

Content Area: **Business**
Course(s): **Accounting 2A**
Time Period: **Semester 1**
Length: **3 weeks**
Status: **Published**

## Standards

NJ 2009 CCCS: Standard 9 21st Life and Career: 9.4 CTE:F Finance Career Cluster Pathway Accounting

9.4.12.F.(1).1 Access and evaluate financial information to assist business decision-making.

Ethics and Legal Responsibilities: Legal responsibilities, professional ethics, and codes of conduct affect management practices, business performance, and regulatory compliance, as well as the confidence of customers, business partners, and investors.

9.4.12.F.(1).2 Describe laws and regulations affecting business operations and transactions in order to ensure compliance with industry requirements.

Employability and Career Development: Employability skills and career and entrepreneurship opportunities build the capacity for successful careers in a global economy.

9.4.12.F.(1).3 Apply career planning concepts, tools, and strategies to explore, plan, obtain, and develop a career in this pathway.

Technical Skills: Technical knowledge and skills play a role in all careers within the cluster and pathway.

9.4.12.F.(1).4 Use accounting tools, strategies, and systems to plan the use and management of financial resources.

## Enduring Understanding

Some accounts will be uncollectible.

Accountants have to estimate and record adjustments to allow for uncollectible accounts.

Notes Receivable are negiotable instraments that can be sold and discounted.

## Essential Questions

Why do I have to anticipate that some of my accounts will be uncollectible?

Why would a company have notes receivable in addition to accounts receivable?

How do we use the acid test ratio, accounts receivable turnover ratio, and days' in sales in receivables to evaluate performance?

## Knowledge and Skills

- Define and explain common types of recivables and journalzie sales on credit, credit card sales, and debit card sales
- Apply the direct write off method for uncollectables
- Apply the allowance method for uncollectibles and estimate bad debts expense based on the percent of sales, percent of receivables, and aging receivables method.
- Account for notes receivable including computing interest and recording honored and dishonored notes.
- Use the acid test ratio, accounts receivable turnover ratio, and days' in sales receivables to evaluate business performance

## Transfer Goals

Data can get lost in the system and that leads to collecting more debts than needed.

Attention to detail avoids mistakes.

## Resources

Horngren's Financial and Managerial Accounting
Albert.io
Accountingcoach.com