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| **TEXAS CTE LESSON PLAN**  [www.txcte.org](http://www.txcte.org) | |
| **Lesson Identification and TEKS Addressed** | |
| **Career Cluster** | Finance |
| **Course Name** | Accounting I |
| **Lesson/Unit Title** | Uncollectible Accounts |
| **TEKS Student Expectations** | **130.187 (c) Knowledge and Skills**  (4) The student uses equations, graphical representations, accounting tools, strategies, and automated systems in real-world situations to maintain, monitor, control, and plan the use of financial resources. The student will complete an accounting cycle for a service business.  (B) The student is expected to analyze the effects of transactions on the accounting equation and use T accounts to analyze transactions  (8) The student performs accounts receivable functions.  (G) The student is expected to process uncollectible accounts  (I) The student is expected to determine uncollectible accounts receivable |
| **Basic Direct Teach Lesson**  (Includes Special Education Modifications/Accommodations and  one English Language Proficiency Standards (ELPS) Strategy) | |
| **Instructional Objectives** | **Performance Objective:**  Upon completion of this lesson, the student will demonstrate skill in calculating uncollectible accounts expense, analyzing, and journalizing entries related to uncollectible accounts.  **Behavioral Objectives:**   * Define terms related to uncollectible accounts. * Calculate uncollectible accounts expense. * Analyze and journalize entries related to uncollectible accounts. |
| **Rationale** | There are times when some sales on account may not be collected. Customers go broke, become unhappy and refuse to pay, or may generally lack the ethics to complete their half of the bargain. Of course, a company does have legal recourse to try to collect such accounts, but is not financially profitable to do so in some cases. As a result, it becomes necessary to establish an accounting process for measuring and reporting these uncollectible accounts. This lesson will demonstrate how to calculate uncollectible accounts expense, as well as analyze and journalize entries related to uncollectible accounts. |
| **Duration of Lesson** | Teacher’s Discretion |
| **Word Wall/Key Vocabulary**  *(ELPS c1a,c,f; c2b; c3a,b,d; c4c; c5b) PDAS II(5)* |  |
| **Materials/Specialized Equipment Needed** | **Materials, Equipment, and Resources:**   * Textbook * Accounting Software * Journal Input Forms * Spreadsheet Software * Internet * Guest Speaker * Poster Board * Markers |
| **Anticipatory Set**  (May include pre-assessment for prior knowledge) |  |
| **Direct Instruction \*** | Demonstration and instruction on recording entries related to uncollectible accounts.  **Activity 7.4.1 – Adjustments for Uncollectible Accounts**  Purpose: Demonstrate skill in analyzing and journalizing adjustments for uncollectible accounts at the end of the fiscal period.   1. Ask students to read about uncollectible accounts either from the textbook or from a Web site you reference. 2. Discuss the risk of loss that occurs when a business sells on account. Explain the need to make adjustments and the possible result if this is not done. 3. Demonstrate the balance side and increase and decrease side of Uncollectible Accounts Expense using a “T” account. Demonstrate the contra asset Allowance for Uncollectible Accounts using a “T” account. 4. Explain how a business determines the amount to estimate for uncollectible accounts. 5. Ask students to analyze this situation and answer questions verbally:    1. TK Phones, Inc. estimates their uncollectible accounts at the end of each fiscal period. They use 2% of total sales. Total sales for the current fiscal period were $27,596.00.    2. What is the amount of the adjustment? What account is debited?    3. What account is credited?    4. If Accounts Receivable has a current balance of $22,500.00, what is the book value of Accounts Receivable after the adjusting entry?    5. If this adjustment is not made, what is the effect on expenses for the fiscal period?    6. If this adjustment is not made, what is the effect on assets for the fiscal period?    7. What is the source document for this entry? 6. Have your students journalize the above adjusting entry using an input form.   **Activity 7.4.2 – Collection Procedures**  Purpose: Research collection procedures for businesses.   1. Locate and research site by searching the Internet. Take notes on steps used to collect on past due accounts. 2. Invite a guest speaker who has knowledge about procedures in collecting on past due accounts. 3. Have your students break into a team of 3 or 4 and create a poster outlining their collection procedures for a business. 4. Ask the team to present their poster to the class.   **Activity 7.4.3 – Journalizing Uncollectible Account Transactions**  Purpose: Develop skill in analyzing and journalizing transactions in writing off accounts or collecting from accounts that have been written off.   1. Discuss the two transactions that can occur in uncollectible accounts other than the adjusting entry:    1. Writing off an account when it becomes a known bad debt.    2. Collecting on an account that was written off. 2. Demonstrate the analysis of Writing off an Account by using “T” accounts and an Uncollectible Accounts presentation. 3. Have students journalize the example in an input form. |
| **Guided Practice \*** | * Observation * Discussion * Demonstration * Verbal Drills |
| **Independent Practice/Laboratory Experience/Differentiated Activities \*** |  |
| **Lesson Closure** |  |
| **Summative/End of Lesson Assessment \*** | * Observation * Graded Assignments |
| **References/Resources/**  **Teacher Preparation** | Textbooks:  Guerrieri, Donald J., Haber, Hoyt, Turner. Glencoe Accounting Real- World Applications and Connections. Glencoe McGraw-Hill 2000. ISBN/ISSN 0-02-815004-X.  Ross, Kenton, Gilbertson, Lehman, and Hanson. Century 21 Accounting Multicolumn Journal Anniversary Edition, 1st Year Course. South- Western Educational and Professional Publishing, 2003.  ISBN/ISSN: 0-538-43524-0  Ross, Kenton, Gilbertson, Lehman, and Hanson. Century 21 General Journal Accounting Anniversary Edition, 7th Edition. South- Western Educational and Professional Publishing, 2003.  ISBN/ISSN: 0-538-43529-1.  Websites:  Estimating Uncollectible Accounts. Credit Research Foundation, 2009. <http://www.crfonline.org/orc/ca/ca-13.html>.  Business Partners:   * Loan officers from a bank * Collection Agency officer |
| **Additional Required Components** | |
| **English Language Proficiency Standards (ELPS) Strategies** |  |
| **College and Career Readiness Connection[[1]](#footnote-1)** |  |
| **Recommended Strategies** | |
| **Reading Strategies** |  |
| **Quotes** |  |
| **Multimedia/Visual Strategy**  **Presentation Slides + One Additional Technology Connection** |  |
| **Graphic Organizers/Handout** | * Adjustments for Uncollectible Accounts / Rubric * Collection Procedures / Rubric * Journalizing Uncollectible Account Transactions / Rubric |
| **Writing Strategies**  **Journal Entries + 1 Additional Writing Strategy** |  |
| **Communication**  **90 Second Speech Topics** |  |
| **Other Essential Lesson Components** | |
| **Enrichment Activity**  (e.g., homework assignment) |  |
| **Family/Community Connection** |  |
| **CTSO connection(s)** | Business Professionals of America  Future Business Leaders of America |
| **Service Learning Projects** |  |
| **Lesson Notes** |  |

1. Visit the Texas College and Career Readiness Standards at <http://www.thecb.state.tx.us/collegereadiness/CRS.pdf>, Texas Higher Education Coordinating Board (THECB), 2009. [↑](#footnote-ref-1)