

Technical Information Circulars for AgriStability

Bad Debt

Reporting Bad Debt

Amounts owing are included in accounts receivable if outstanding at fiscal year-end. If a receivable is an uncollectible debt, it is removed from closing accounts receivable on a cash basis in the year it was considered uncollectible. We will only consider removing the amount *in the year the proceedings* have begun; it will not go back and adjust the receivable in the previous years.

For the amount owing to be uncollectible debt under AgriStability, participants are required to demonstrate they have taken all reasonable steps, legal or otherwise, to recover the debt owed to them in order to write off a debt.

Participants must provide any of the following documents that are available to verify that the bad debt expense was incurred and to show what steps have been taken to recover the debt:

Legal documents including:

- Ex-parte order
- Judgment order
- Statement of claim
- Police report
- Class action certificate
- Receivership and/or bankruptcy papers showing the debtor is in bankruptcy and listing the participant as a secured or unsecured creditor
- Sales slips, contracts - showing commodity, number of tonnes or animals sold, and dollar amounts involved
- Details of contract (verbal or written with terms and conditions of contract)
- Cancelled cheque (note the date the cheque was returned NSF)

Participants with uncollectible debt are required to sign an Account Receivable Recovery Contract. This contract stipulates that they must submit an amendment if they receive a settlement for the program year in question. To obtain a copy of the form, please contact AgriStability.