

WRITING OFF BAD DEBTS

A mistake that many merchants make is that of allowing accounts to remain in their ledgers which, to their certain knowledge, are uncollectable and worthless. By neglecting to write them off whenever they are shown to be bad, they keep in their assets a fictitious amount, and thereby frequently deceive themselves into believing that they are worth more money than they really are. It is expedient, therefore, on the score of good business management, to take out from among the live accounts of a business every account that appears to be bad just as soon as its character is determined. It is better to occasionally remove from the books of the business by this plan an account that is really collectable than to allow a single bad account to remain.

This advice is by no means to be construed to justify a merchant in ceasing to follow up his debtors simply because an account has become bad or doubtful. Instead it means only the removal from the live accounts of the business of all accounts which are doubtful, leaving in the regular books only those which are in healthy motion and which are to be depended upon.

Many merchants are deterred from taking the regular ledgers those accounts which are bad and doubtful, because no adequate means is provided for looking after them after they have been taken away from among the live accounts. This, however, is not the case with those who make use of the facilities provided in the Self-Proving Accounting System. The Self-Proving Suspended List, which is elsewhere described and illustrated