**Accounts Receivable** – open accounts arising from the sale of goods and services in the ordinary course of business and not supported by promissory notes.

**Other Terms for AR:**
1. Customer’s accounts
2. Trade debtors

**Valuation:**

1. Initial – The amount to be recorded as accounts receivable from sales on account shall be the Invoice Price,
2. Subsequent – The ending balance of accounts receivable shall be presented at the NRV or amortized cost.

List Price
Trade Discounts, Rebates, and other similar items (xx)
Invoice Price xx

Accounts Receivable xx
Allowance for Sales Return (xx)
Allowance for Sales Discount (xx)
Allowance for Freight Charges (xx)
Allowance for Bad Debts (xx)

NRV/Amortized Cost xx

**Methods to account for sales discount:**

1. Gross Method
   a. Sales on account:
      - AR (Gross) xx
      - Sales (Gross) xx
   b. When payment is made within the discount period:
      - Cash (Net) xx
      - Sales Discount xx
      - AR (Gross) xx
   c. When payment is made beyond the discount period:
      - Cash (Gross) xx
      - AR (Gross) xx