

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	xx
Trade Discounts, Rebates, and other similar items	<u>(xx)</u>
Invoice Price	<u>xx</u>
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	<u>xx</u>

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

Preview from Notesale.co.uk
Page 1 of 3