

ACCOUNTING FOR COMMISSION TRADE

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Commission trading refers to trading through an intermediary, therefore it has a number of distinctive features in terms of ownership of goods, responsibility and documentation of the transaction. Selling goods through a commission agent is a very common operation. Each party to the transaction has benefits from concluding a commission agreement. But there are also features of accounting for these operations. In this case, the payment will be not only a remuneration to the commission agent, but also a complication of accounting.

The purpose of the article is to study the features of accounting for sales transactions in commission trade organizations. Currently, a huge number of enterprises sell their products through intermediaries. Moreover, intermediaries are often participants in transactions for the acquisition of property and services for the conduct of business activities of organizations. All intermediary operations are formalized by contracts, which are divided into three types:

- 1) contract of agency,
- 2) commission agreement
- 3) agency agreement.

The concept of commission sales is enshrined in the article, where the commission agent, after selling the goods accepted for commission, sends a report to the owner of the goods (commission agent) and transfers to him the funds, the amount of which is specified in the contract.

T.P. Kozlova and T.N. Babchenko consider a commission agreement as an



agreement under which one party (the commission agent) undertakes, on behalf of the other party (the principal), to organize trading operations on its own behalf for a certain remuneration. Let's consider the main features of operations in commission trading, and the main thing that can be highlighted here is the fact that there is no need to purchase a product for subsequent resale, it is initially someone else's, and the organization selling it acts as an intermediary. And here it is important to note that there is a certain terminology specific to these operations.

Commission trading is regulated. All consignment trade stores can be divided into three types:

- 1) sale of new goods at a discount,
- 2) sale of used goods and mixed form, where confiscated goods are sold,
- 3) new discounted items, remnants of unsold products.

Accounting also has its own peculiarities for reflecting such transactions, one of them is that even when the owner of the property sells it, the principal remains the principal. This serves as the basis for reflecting the goods on off-balance sheet account 004 "Products accepted on commission" in the amount for which the contract was concluded. Since the specificity of off-balance sheet accounts is such that they do not correspond with any other accounts, the receipt of commission goods will be cut off on debit, and after its sale on credit. At the time of sale, a receivable from the buyer and a payable from the seller are formed in relation to the owner of the goods.

In this case, the amount of accounts payable is equal to the amount for which it was possible to sell this product and the seller makes an entry in the accounting: Dt 62 Kt 76. The profit for the commission agent is the amount of remuneration and is reflected in the accounting as revenue with the entry: Dt 76 Kt 90. Accordingly, reflection and accrual VAT upon sale will be reflected by posting: Dt 90 Kt 68.

All expenses incurred by the commission agent during the sale of goods are reimbursed by the principal with the entry Dt 51 Kt 76, and the commission agent



transfers the amount of proceeds to the committent with the entry: Dt 76 Kt 51. As clarifications within the framework of this article, the author considers it important to note that often 004 accounts are not opened subaccounts and everything is reflected in the boiler method, however, the introduction of analytical accounts and subaccounts would greatly facilitate the work of the accounting department.

So, subaccounts could be opened for account 004: 004.1 “Discounted goods”, 004.1 “Used goods”, etc. And within each of the subaccounts, open analytical accounts for the types of products sold, for example, household appliances, clothing, spare parts, etc. If the commission agent purchases goods for the principal, which is reflected in the contract, then such transactions are reflected in account 002 “Commodity materials valuables accepted for safekeeping.”

Subaccounts to this account can be opened by analogy with the subaccounts proposed above. The documents reflecting the sale will be the same as for a classic sale: invoices, universal transfer documents, delivery notes, certificate of completion of work, payment order, bank statement. If the sale is made to the public, a receipt will be issued.

A special feature of the documentation is the commission agreement, which stipulates the rights and obligations of the parties; the parties establish the contents independently; this type of agreement does not require contacting a notary.

In conclusion, it is important to note that the commission agreement is very convenient; among the obvious advantages of such a relationship, the parties highlight: no high costs, profitable business, minimum requirements from inspection organizations, in case of liquidation, it is possible to transfer things to other stores/organizations.

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