Working with Commissions and Accounting

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This guide provides information about how commissions impact the accounting system and explains how to set up your GL Accounts. It is intended for advanced users.

Overview of Accounting Aspects

Because commissions have an impact on accounting, posting a commission statement generates general ledger transactions. Depending on your workflow, you might post a commission statement and pay it on the same day, but you could also post statements periodically (e.g. letting the payables accrue, then paying off that payable at a later date).

When you generate and post a commission statement, aACE creates two general ledger transactions for each item on the statement. On one, the payable account is credited; on the other, the expense account is debited.

In a commission statement, the payable account is editable, meaning you can control which account accrues. For example, you could <u>create a different GL account</u> (https://aace6.knowledgeowl.com/help/adding-an-account-to-the-chart-of-accounts) for each of your sales reps. This account is where your payables start to accrue and show on the balance sheet as a liability. (Note: The Commissions Expense will show on the income statement.)

Setting Up the GL Accounts for Commissions

- 1. Make sure your aACE system has <u>the necessary general ledger accounts</u> (https://aace6.knowledgeowl.com/help/adding-an-account-to-the-chart-of-accounts):
 - A liability account Can be titled "Commissions Payable" or similar.
 - An expense account Can be titled "Commissions Expense" or similar.
- 2. After you have these two accounts in place, navigate from Main Menu > Accounting > Preferences > Chart of Accounts.
 - Liabilities section > Commissions Payable field > Select the liability account from Step 1.
 - Expenses section > Commissions Expense field > Select the expense account from Step 1.

aACE Software

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Accounting Preferences	Note: Tran	nsactions assume this Chart of Accounts is	s set up correc	ctly; the vali	dation processes do not valid	ate these accou	unts.
Chart of Accounts						Liabilities	
Billing & Payment Terms	Undeposite	ed Funds - Cash/Checks >	Accounts R	Receivable (A/I	R) >	Accounts P	ayable (A/P) >
Adjustment Codes	1120	Undeposited Funds - Cash/Checks	1202		s Receivable	2101	Accounts Payable
Currency Conversion	Undeposite	d Funds - MC/Visa >	Default Inv	ventory Accou	nt > 🦯	Commissio	ns Payable >
Period Management	1121	Undeposited Funds - MC/Visa	1301	Uncateg	orized Inventory	2106	Commissions Payable
Data Entry	Undeposite	d Funds - Amex >				Accrued In	ventory >
	1122	Undeposited Funds - Amex				2104	Accrued Inventory
Integrations AvaTax	Undeposite	ed Funds - Debit Card >			Accrued Wages >		
	1123	Undeposited Funds - Debit Card				2105	Accrued Wages
	Undeposite	ed Funds - E-Check >			Accrued Expenses >		
	1124	Undeposited Funds - E-Check					
	Default Dis	bursement (Bill Payment) Account >					
	1115	Cash Checking (AI)					
	Merchant B	Sank Account >					
	1115	Cash Checking (AI)					
	Faulta		Bauanua	(Color)		Cost of C	in de Cald (Cast of Calar)
	Equity	- Families (Mat Yanama) -	Revenue				oods Sold (Cost of Sales)
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3. Click Commit Updates.