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Sales Revenue Accounting by System Vietnam Accounting Standards

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SUMMARY: In an open and integrated market economy, each business must choose the right business policy to meet the diverse requirements of the market to increase business efficiency. Sales revenue accounting is responsible for recording, classifying and summarizing financial transactions related to a business's sales revenue, helping to accurately determine actual revenue generated, as a basis for determining determine the results of business activities. The article focuses on researching the system of Vietnamese accounting standards and applying those standards to sales revenue accounting.

KEYWORDS: accounting, sales revenue, sales revenue accounting, accounting standards, accounts, accounting methods

1. ASK A PROBLEM

The main goal of sales accounting is to ensure that the business is Accurately record revenue and sales transactions in accordance with applicable accounting standards, regulations and principles. Accurate accounting of sales revenue allows businesses to track financial performance, evaluate business performance, and make informed decisions about pricing, marketing, and growth opportunities.

Revenue accounting also helps businesses comply with tax regulations and financial reporting requirements. By understanding and complying with these regulations, businesses can avoid fines and penalties associated with non-compliance and maintain good standing with regulatory agencies.

The Vietnam Accounting Standards System (VAS) has achieved certain results. Vietnam has formed a system of standards that relatively fully reflect basic business transactions. Including a system of accounting standards related to sales revenue accounting. Initially resolving the relationship between standards and unified accounting system.

Facing the trend of globalization and regional integration, maintaining the Vietnamese accounting standards system for sales revenue accounting is considered one of the favorable conditions to attract investment from foreign countries and regions is a very important and necessary issue.

2. THE VIETNAMESE ACCOUNTING STANDARDS SYSTEM IS RELATED TO SALES REVENUE ACCOUNTING

**** Accounting Standard No. 01 " General Standards " (VAS01)***

VAS 01 regulates and guides basic accounting principles and requirements, elements and recognition of elements of financial statements.

- *Accrual basis*: "All economic and financial operations of an enterprise related to assets, liabilities, equity, revenue, and expenses must be recorded in accounting books at the time they arise, not based on the actual time of receipt or actual payment of cash or cash equivalents. Revenue is recognized not necessarily along with the cash inflow of the business; the time of revenue recognition is the time of transfer of ownership of goods.
- *Matching principle* "The recognition of revenue and expenses must match each other. When recording a revenue, a corresponding expense related to generating that revenue must be recorded. Costs corresponding to revenue include costs of the period generating revenue and costs of previous periods or payable costs related to the revenue of that period. According to this principle, whenever accountants record a revenue, they must also record a corresponding expense that created that revenue. Costs corresponding to revenue include costs of the revenue generating period, which are costs actually incurred in the period and related to the revenue generation of that period. Or it could be expenses of previous periods or payable expenses related to that period's revenue.
- *Principle of consistency*: "Selected enterprise accounting policies and methods must be applied consistently at least in one annual accounting period. In case there is a change in the selected accounting policy and method, the reasons and effects

of that change must be explained in the notes to the financial statements. The principle of consistency ensures that information is stable and comparable between accounting periods and between plans, estimates and implementation.

- *Prudence principle*: Prudence is the consideration, consideration, and judgment necessary to make accounting estimates under uncertain conditions. The accounting estimates here may be related to revenue recognition in the case of multi-period revenue planning or recognition of allocated costs and estimated costs. Revenue and income are only recognized when there is solid evidence of the ability to obtain economic benefits, while costs are recognized when there is solid evidence of the ability to incur costs.

**** Accounting Standard No. 14 “Revenue and other income” (VAS 14)***

This accounting standard provides guidance on principles and methods of accounting for revenue and other income, including types of revenue, time for recording revenue, and methods for accounting for revenue and other income as a basis for recording revenue accounting books and preparing financial statements.

- *Revenue determination* : Revenue only includes the total value of the economic benefits the enterprise has obtained or will receive. Amounts collected on behalf of a third party that are not a source of economic benefits and do not increase the enterprise's equity will not be considered revenue (For example: When an agent collects sales proceeds for the unit). the goods owner, then the agent's revenue is only the commission received). Capital contributions by shareholders or owners increase equity but do not increase revenue.

+ Revenue is determined according to the fair value of the amounts received or to be received after deducting trade discounts, payment discounts, sales discounts and the value of returned sales. Fair value is the value of an asset that could be exchanged or a liability that could be settled voluntarily between knowledgeable parties in an arm's length exchange.

+ Revenue generated from the transaction is determined by the agreement between the enterprise purchasing or using the asset.

+ For cash or cash equivalents that are not received immediately, revenue is determined by the nominal value of the amounts to be received in the future to the actual value at the time of revenue recognition according to the interest rate current capacity.

+ When goods or services are exchanged for goods or services that are similar in nature and value, that exchange is not considered a transaction that generates revenue.

+ When goods or services are exchanged for other goods or services that are not similar in nature and value, that exchange is considered a transaction that generates revenue. In this case, revenue is determined by the fair value of the goods or services received after adjusting the amounts of money or cash equivalents paid or additional cash equivalents paid or collected. When the fair value of the goods or services received cannot be determined, revenue is determined by the fair value of the goods or services exchanged after adjusting the amounts of money or cash equivalents paid add or collect more.

- *Regarding standards for recording sales revenue*

According to this standard, the sales revenue recognition standard must simultaneously satisfy all 5 conditions:

a) The enterprise has transferred most of the risks and benefits associated with ownership of the product or goods to the buyer.
b) The enterprise no longer holds the right to manage the goods as the owner of the goods or the right to control the goods.
c) The revenue can be measured reliably.
d) The enterprise has obtained or will receive economic benefits from the sales transaction.
e) Identify the costs associated with the sales transaction.

Enterprises must determine the time to transfer most of the risks and benefits associated with ownership of goods to the buyer in each specific case. In most cases the time of transfer of most of the risk coincides with the transfer of the benefits inherent in legal ownership or control of the goods to the buyer.

In cases where the enterprise still bears most of the risks associated with ownership of goods, the transaction is not considered a sales activity and revenue is not recorded. If the enterprise only bears a small part of the risk associated with ownership of the goods, the sale is determined and revenue is recorded.

Revenue is recognized only when it is guaranteed that the business receives economic benefits from the transaction. In case the economic benefits from the transaction still depend on uncertain factors, revenue will only be recorded when the uncertain factors have been resolved.

Revenue and costs related to the same transaction must be recorded simultaneously according to the matching principle.

- *Presenting financial reports*

In the financial statements, enterprises must present:

Revenue recognition include methods for determining the completed work portion of service provision transactions.

+ Revenue of each type of transaction and event: sales revenue, service provision revenue, interest, royalties, dividends and shared profits.

+ Revenue from the exchange of goods or services according to each type of activity.

+ Other income, which specifically states unusual income.

3. APPLY VIETNAMESE ACCOUNTING STANDARDS FOR SALES REVENUE ACCOUNTING

3.1. Accounting accounts used

**Accounting account 511 “Revenue from sales and service provision”*

This accounting account is used to reflect revenue from sales and provision of services of the enterprise in the accounting period, including revenue from selling goods and products and providing services to the parent company and subsidiaries in the accounting period. same corporation.

In addition to the above accounting accounts, accountants also use related accounting accounts such as: Accounting account 3387 "Unearned revenue", accounting account 3332 "Special consumption tax", account accounting account 333 'Import and export tax', accounting account 3331 'VAT tax',...

3.2. Accounting method

Revenue from the volume of products (finished products, semi-finished products), goods and services that have been determined to be sold during the accounting period

For products, goods, services, and investment real estate that are subject to VAT, special consumption tax, export tax or environmental protection tax, accounting reflects sales revenue and Providing services at the tax-free selling price and reflecting in detail indirect taxes (if any) when recording revenue (applies to the direct declaration method):

Debit Account 111, 112, 131... (total payment value)

Credit Account 511 - Revenue from sales and service provision (excluding tax)

Credit Account 333 - Taxes and amounts payable to the state

In cases where the taxes payable cannot be immediately separated, revenue shall be recorded including the tax payable. Then periodically determine the tax liability and record a decrease in revenue :

Debit Account 511 - Revenue from sales and service provision

Credit Account 333 - Taxes and amounts payable to the state

In case revenue from sales and service provision arises in foreign currency

- In case of foreign currency arising, accountants must determine the actual exchange rate at the time of revenue generation to convert to the currency accounted for in the revenue account;
- In case of receiving advances from customers in foreign currency, the accountant must determine the actual exchange rate at the time of receiving the advance to convert to the currency unit corresponding to the advance revenue .

The same is true for barter transactions

- When exporting products and goods in exchange for materials, goods or other fixed assets, accountants record sales revenue according to the fair value of the assets received after adjusting for additional amounts collected or paid to customers. change party. In case the fair value of the received assets cannot be determined, it will be determined according to the fair value of the exchanged assets after adjusting for additional revenues or additional payments.

  Revenue recognition :

  Debit Account 131 - Receivables from customers (total payment value);

  Credit Account 511 - Revenue from sales and service provision (excluding tax);

  Credit Account 333 - Taxes and amounts payable to the state.

  Then record the cost of goods exchanged

  Debit Account 632 - Cost of goods sold

  Credit Account 155, 156
- When receiving materials, goods, or fixed assets exchanged, the accountant reflects the value of the exchanged assets:

  Debit account 152, 153, 156, 211... (price without tax)

  Debit Account 133 - Deductible VAT (if any)

  Credit Account 131 - Receivables from customers (total payment value)
- In case additional money is collected because the fair value of the assets given for exchange is greater than the fair value of the assets received in exchange, when receiving the money, record

  Debit Account 111, 112 (additional amount collected)

  Credit Account 131 - Receivables from customers
- In case you have to pay additional money because the fair value of the property given for exchange is less than the fair value of the property received in exchange, when paying, record:

  Debit Account 131 - Receivables from customers

  Credit account 111, 112 (additional paid amount)

In case of selling goods by deferred payment or installment payment method

- When selling goods on deferred payment or installment payments, sales revenue will be reflected according to the immediate payment price without tax:

  Debit Account 131 - Receivables from customers

  Credit Account 515 - Revenue from sales of goods and provision of services (immediate payment price excluding tax)

Credit Account 333 - Taxes and amounts payable to the state

Credit Account 3387 - Unearned revenue (the difference between the total amount according to the deferred or installment selling price and the immediate selling price)

- Periodically record interest revenue arising from the sale of deferred or installment payments: Debit Account 3387 - Unearned revenue;

  Credit Account 515 - Revenue from financial activities (interest on deferred payments, installment payments)

In case of selling products or goods with replacement products, goods or equipment included

- Accounting reflects the cost price of products and goods sold and the value of products, goods, equipment and spare parts.

  Debit Account 632 - Cost of goods sold

  Credit Account 153, 155, 156

- Recording revenue from sales of products, goods and products, goods, equipment and spare parts:

  Debit Account 111,112,131

  Credit Account 511 - Revenue from sales and service provision

  Credit Account 333 - Taxes and amounts payable to the state

In case of sale through an agent, the seller sells at the correct price and receives a commission

➤ Accounting at the delivery unit for agents:

- Prepare delivery notes for products and goods delivered to agents, record

  Debit Account 157 - Goods sent for sale

  Credit Account 155, 156

- When the goods delivered to the agent are sold, the accountant will base on the list of sales invoices prepared by the commission recipient to reflect the sales revenue at the selling price without VAT:

  Debit Account 111, 112, 131 (total payment value)

  Credit Account 511 - Revenue from sales and service provision

  Credit Account 3331 - VAT payable (33311)

  Record cost of goods sold

  Debit Account 632 - Cost of goods sold

  Credit Account 157 - Goods sent for sale

- The amount of commission payable to the agent, record:

  Debit Account 641 - Sales expenses (commission without VAT)

  Debit Account 133 - Deductible VAT (1331)

  Credit Account 111, 112, 131

➤ The accountant at the dealership accepts sales at the correct price and earns commissions

- When receiving goods, businesses track and record information about the entire value of goods sold to agents for commission in the notes to the financial statements.
- When the agent has sold the goods, based on the VAT invoice or sales invoice and related documents, the accountant records the sales amount the agent must pay to the delivery party:

  Debit Account 111, 112, 131

  Credit Account 331 - Payable to seller (total payment price)

- Periodically determine the sales commission revenue that the agent is entitled to:

  Debit Account 331 - Payable to seller

  Credit Account 511 - Revenue from sales and service provision

  Credit Account 3331 - VAT payable (if any)

- When paying the sale price to the delivery party, record:

  Debit Account 331 - Payables to sellers

  Credit Account 111, 112

At the end of the accounting period, transfer sales returns, sales discounts and trade discounts incurred during the period and subtract them from actual revenue to determine net revenue.

Debit Account 511 - Revenue from sales and service provision

Credit Account 521 - Revenue deductions

At the end of the accounting period, transfer net revenue to account 911 - determine business results

Debit Account 511 - Revenue from sales and service provision

Credit Account 911 - Determination of business results

4. CONCLUSION

Revenue recognition is one of the most important steps in the business process. It helps business people determine business results clearly and honestly. Different revenue recognition principles will lead to different business results. Sales revenue accounting plays an important role in financial and economic management at businesses. Therefore, mastering the basic theories of sales revenue accounting according to Vietnamese accounting standards is extremely necessary.

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