GREENTARGET

INTERCOMPANY ACCOUNTING AND RECONCILIATION

One company’s sale. Another company’s bank.

Payout ownership and balances between related entities

Gross obligations	USD
A owes B	$9,500.00
B owes A	$5,400.00

December 31, 2024
Simulated reconciled balances

Jay Odi, CPA

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The merchant owns the sale, even when cash goes elsewhere

Company B recorded its Amazon sales. Company A received B’s $12,500 payout and incorrectly recorded sales again.

Company	What the correction needs to reflect
A: cash recipient	Keep cash. Remove duplicate sales. Recognize an obligation to B.
B: merchant owner	Keep valid sales. Clear the platform payout. Recognize a receivable from A.

A is LumenTrail Commerce Demo LLC. B is LumenTrail Retail Demo LLC. Both companies and every source fact are invented.

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Two supported obligations remain separately visible

The advance and paid-on-behalf expense belong to one direction. Collected proceeds belong to the other.

Obligation	Source movements	Closing amount
B owes A	$8,000 advance + $2,400 expense - $5,000 repayment	$5,400.00
A owes B	$12,500 payout - $3,000 remittance	$9,500.00

The arithmetic net is $4,100 payable by A. This example assumes no legal right to offset or net-settle. Both gross balances remain.

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Matching both ledgers also requires checking completeness

An item omitted from both intercompany accounts can leave them matching and still incomplete.

Source event	Simulated result
B’s fulfillment invoice paid by A	Move $2,400 expense to B and record paired balances
B repays A’s opening advance	Remove $5,000 from A’s owner funding
A remits part of B’s proceeds	Record B’s missing $3,000 bank receipt at cutoff

The missing receipt increases B’s recorded cash to money already received. It does not generate new cash. No consolidation entries are included.

The owner can see who owes what and why

I trace ownership, purpose and bank dates through both entity ledgers, then reconcile the paired obligations.

Supporting work	Source-event matching, separate entity schedules and gross obligation roll-forwards.
Correction evidence	Documented treatment, balanced entries and checks in each company.
Scope boundary	Consolidation, legal offset rights and specialized tax treatment require separate consideration.

The accounting mechanism reflects work Jay performs. These names, amounts and simulated results are not a real client case.