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ACCOUNTING ISSUES IN THE COURSE OF FREIGHT HAULAGE OPERATIONS

Ключові слова: послуга, автотранспортне підприємство, транспортно-експедиторська діяльність перевезення, вантаж, бухгалтерський облік, документування, витрати, доходи.

Ключевые слова: услуга, автотранспортное предприятие, транспортно-экспедиторская деятельность перевозки, груз, бухгалтерский учет, документирование, расходы, доходы.

Keywords: service, motor transport enterprise, freight forwarding operations, cargo, accounting, documentation, costs, revenues.

Анотація. Дослідження присвячене теоретичним положенням і розробці рекомендацій щодо вдосконалення обліку вантажних операцій автотранспортних підприємств, пов'язаних з наданням транспортних послуг. Визначено, що товаро-транспортна накладна є основним документом для розрахунків за перевезення вантажу та обліку наданих послуг. Висвітлено основні завдання обліку виконаних автоперевезень, які необхідно ставити для впровадження сучасного обліку. Автором запропоновано впровадження електронного документообігу на автотранспортних підприємствах.

Аннотация. Исследование посвящено теоретическим положениям и разработке рекомендаций по совершенствованию учета грузовых операций автотранспортных предприятий, связанных с предоставлением транспортных услуг. Определено, что товарно-транспортная накладная является основным

документом для расчетов за перевозку груза и учета предоставленных услуг. Освещены основные задачи учета выполненных перевозок, которые необходимо ставить для внедрения современного учета. Автором предложено внедрение электронного документооборота на автотранспортных предприятиях.

Annotation. Researches is devoted to theoretical positions and develop recommendations to improve accounting freight operations services of transport companies related to the provision of transport services. It is stated that the consignment note is the main document for the cargo delivery calculation and provided services accounting. Principal tasks which should be introduced into modern accounting in the connection of the cargo delivery accounting process were illustrated herein. Author analyzed current accounting operating processes related to the freight motor transport services and developed practical offers and recommendations as to their modernization. The author suggested the introduction of electronic document on transport companies.

Relevance of the study. The modern stage of Ukrainian economy development related to the European integration processes vastly enhances the relevance of the efficiency of the motor transport enterprises. Automobile transport has a high maneuverability, as well as possibility of direct delivery of goods so called "door-to-door" which benefits its advantage over other types of transport. In this way keeping the significant accounting records is highly actualized with regard to the increasing role freight haulage. In this aspect modernization of current financial system and enhancement of tax accounting services of cargo transportation for management purposes is particularly relevant.

Analysis of previous studies and publications. The accounting issues associated with the business activity of motor transport enterprises as well as their accounting and analytical management support, are fundamentally discussed in the academic works of Ukrainian and foreign scientists as follows: Atamas P.I., Bazilyuk A.V., Efimova F.F., Hritsak N.Yu., Danko Y.Ya., Zahozhaj V.B., Levitsky N.P.,

Malishkin A.I., Maliarevsky Yu.D., Ostapyuk Y.Ya, Paliy V.F., Pasenko N.S., Svidersky E.I., Sopko V.V. and others. Performed analysis of aforementioned economists' publications indicates the need for systematization and clarification of accountant treatment for the freight traffic services in the financial and tax accounting system.

Consequently, evaluation of current accounting practice in connection with the freight operations services and development of practical suggestions is the main objective of this study.

Presentation of the main material. Automobile transport is one of the main components of the Ukrainian transport system which responds to the needs of enterprises for the goods transportations. For instance, in 2015, 24,5% of all cargo were transferred by Ukrainian automobile transport, freight turnover reached 34431.1 mln.tkm, representing 91,2% of the volume of 2014, Fig. 1 [6]. It may be noted that the road transport is involved in the process of all types of goods transportation (rail,

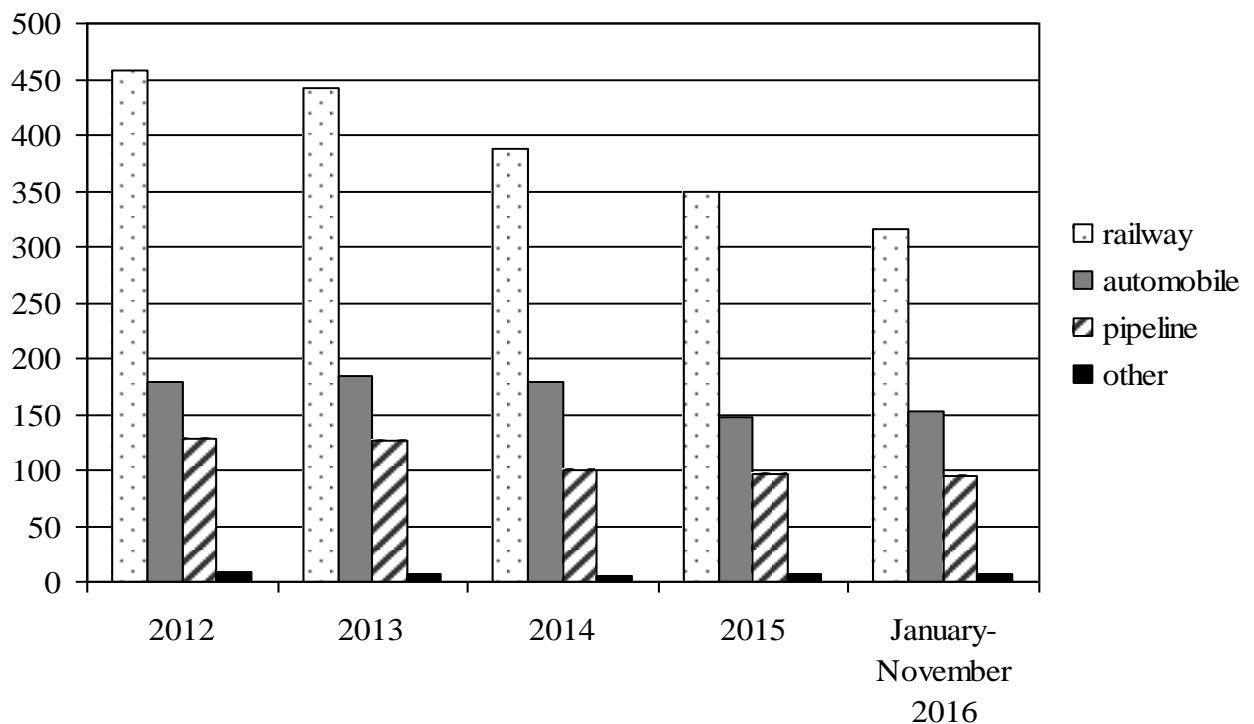


Fig. 1. Dynamics of freight traffic levels in Ukraine for the period of 2012-2016, MT.

sea, river, air transport) since the goods are delivered to and transferred from the points of departure (railway stations, sea and river ports, airports).

Automobile transport Act of Ukraine regulates the relations between motor carriers, customers of transport services, the executive authorities and local authorities, the owners of the vehicles, as well as relations with legal entities and natural persons which are business entities who provide the road transportation activity and transport security [2]. In accordance with the Freight forwarding operations Act of Ukraine [3] freight forwarding services are provided (organization of freight transportation by various transport means on the territory of Ukraine and foreign countries; freighting of vehicles and providing their submission to the timely dispatch of goods; provision of services related with cargo reception, reducing, refining, sorting, warehousing, and storage of cargo; organization of the goods protection during transportation, transshipment and storage; organization of the expert examination of freight; registration of goods shipping documents and documentation distribution; cargo insurance and providing responsibility for goods transportation; optimization of the dynamics of material flows from the consignor to the consignee in order to achieve a minimum level of expenditure; payments settlement with other transport organizations for transportation, transshipment and storage of goods; provision of other additional and related services provided by the forwarding contract and other services which do not contradict the legislation). We should note the fact that the transport service activity is not included to the list of licensed activities (hazardous goods/cargo – is exception).

Documentation used in transport operations has great importance in the event of its improper registration it may cause to negative consequences. The transport documentation workflow scheme within the primary accounting at motor transport enterprises, presented by Hritsak N.Yu., is worth noticing [1]. Economists Maliarevskii Yu.D., Pasenko N.S., present in academic work [5] the most common scheme of interaction between the main participants of forwarding process.

In author's view, the introduction of electronic documentation management at motor transport enterprises reduces the logistics costs, as the information in the

system is always up-to-date. Single information filling and its subsequent reuse is the main advantage of electronic documentation management at motor transport enterprises. Art. 50 of the Law № 3492 [2] reads: the freight transportation contract between the customer and the contractor should be executed in accordance with the legislation by paper form (in writing) (contract, invoice, receipt, etc.).

The contract indicates (par. 3.5 Regulations of freight motor-transportation in Ukraine № 363): duration of the contract, cargo size, transportation conditions (operation for cargo delivery and reception, cargo protection), transportation costs, payment procedure, method for determining rational routes, duties and liability of the parties, etc.) [10].

In accordance with Art. 9 of the Law № 1955 under the freight forwarding agreement one party (the forwarder) is obligated for a valuable consideration and at the expense of the other party (the client) to perform or arrange certain services specified in the freight forwarding agreement related to cargo transportation. The fee amount to the forwarding agent should be set by the freight forwarding agreement [3, 11]. To the effect the relevant provisions of the Civil Code of Ukraine should be used to relations under the freight forwarding agreement.

Generally the forwarder acts as an agent or performer of other services related to transportation between the customer and the carrier. At the same time forwarder has the right to perform transportation by using own transport and while providing other services relating to transportation in accordance with the freight forwarding agreement. In this case, the freight forwarding agreement should include both elements of the contract of carriage and contract of agency or commission. Forwarder acts as a direct performer in respect of transportation and in terms of other services should act as attorney (commissioner) of the customer.

Consignment note (hereinafter – CN) is the main document for cargo transportation. Consignment note is the consistent official document for all parties which is generally intended for goods and materials disposal, control during the transportation procedure, bringing on a charge, storage and business accounting, as well as shipping payment and activity based costing [10]. There are following types

of the consignment note: on the territory of Ukraine (№ 1-TH), international usage (CMR), ethanol and alcohol products motor transportation (№ 1-TH (alcohol) and other). CN should be issued by the shipper for each motor trip and separately for each consignee in the amount of no less than four copies: the first should be kept by the consignor and serves as grounds for goods and materials disposal; second, third and fourth which are verified by shipper's signatures and seals (stamps) should be transmitted to the driver (the second copy driver should give to the consignee, the third and fourth copies driver should forward to the carrier). The third copy (necessary for the transportation services payment), the carrier sends to the vehicle customer for the shipment payment; the fourth copy is attached to the transport manifest (trip ticket), and performs records of the transport company and constitute grounds for driver's salary.

The fact of the service provision while transportation or other services associated with the transportation should be supported by documents or other transport documentation. As a rule, the fact of the forwarder services performance is made by the report.

Accordingly, forwarder's income should consist of the shipping payment and compensation for performing other services related to the transportation. The finances transferred to the third parties for the forwarder shall be considered as transaction, and should not be included into forwarder's income and expenses in accordance with the Statement of Standard Accounting Practice 15 «Income» [8] and Statement of Standard Accounting Practice 16 «Expenses» [9].

Principal duties of performed transportation accounting in accordance with the accrual principle and the correspondence of income and expenses should be considered as follows:

- timely, complete and correct determination of transport costs according to items of expenditure and cost elements;

- identification of internal reserves to reduce the cost of transportation;

- timely documentation of performed work and services, control of the transportation scope and the fight against subscription to unperformed work;

operation performance concerning actualization of the fulfilled work and services; control over timely payment for the implemented work and services.

Enterprises performing the freight motor transportation as well as providing freight forwarding services, cargo handling and other services in connection with the road transportation should reflect their income on the account 703 «Sales income of work and services», and the prime cost of providing transportation services should be reflected on the account 903 «Cost of performed work and services» with the use of analytical sub-accounts [4].

In the event the road carrier or other third party fails to fulfill the terms of the contract, in this case the freight forwarder lodges a claim which parties are obliged to settle. In author’s opinion the enterprise should not satisfy the claim costs. Enterprise should collect this amount from the person responsible for cargo damage to cargo, and it should be reflected with the accounting records, Table 1 (the sum is conventional).

Table 1

Typical correspondence of accounts reflecting claims in the accountancy

Transaction content	Correspondence of accounts		Amount, UAH
	debit	credit	
1. Allowed claim lodged to the carrier or other organization	374	311	1000
2. Amount of the claim for other expenses	949	374	1000
3. Amount of the claim to liable(guilty) person	375	716	1000
4. Repaid amount of the claim taken from cash desk or salary	301, 661	375	1000
5. Record/write off income as financial result	716	791	1000
6. Record/write off expenses as the financial result	791	949	1000

Let us consider a conditional numerical example in order to present the freight motor transportation accounting records. Enterprise «A» conducts business activity related to freight forwarding services. Enterprise «B» entered into a contract with the aforementioned Enterprise «A» for providing cargo delivery services. Cargo value is

32000 UAH, amount of remuneration including VAT (value added tax) is 16200 UAH. There is a 50% prepayment in accordance with the contract. In order to provide freight forwarding services Enterprise «A» entered into a freight motor transportation contract with the Enterprise «C». The amount of the contract is 3600 UAH including VAT (prepayment). Also there is an insurance contract with the organization «D». Total amount of the insurance contract is 1000 UAH. Enterprise «B» pays the total amount of remuneration after providing services. Reflection of the freight forwarding services accounting is presented in Table 2.

Table 2

Typical correspondence of accounts reflecting freight forwarding services accounting

Transaction content	Correspondence of accounts		Amount, UAH
	debit	credit	
1. Receiving cargo from the Enterprise «B»	023	–	32000
2. Receiving the 50% prepayment from the Enterprise «B» on the current account	311	681	8100
3. Received tax liability concerning VAT	643	641	1350
4. Prepayment to Enterprise «C» for motor transportation services is actualized	371	311	3600
5. Tax credit for VAT is reflected	641	644	600
6. Cargo delivery expenses are reflected	23	685	3000
7. Record off tax credit for VAT	644	685	600
8. Offset of debts	685	371	3600
9. Payment to organization «D» for cargo insurance	655	311	1000
10. Insurance expenses are reflected	23	655	1000
11. Record off expenses	903	23	4000
12. Income is reflected in accordance with the report of the freight forwarding service completion	361	703	16200
13. Record off for tax liability for VAT as related to the prepayment	703	643	1350
14. Tax liability for VAT is reflected	703	641	1350
15. Receiving services remuneration from the Enterprise «B»	311	361	8100
16. Offset of debts	681	361	16200

End Tab. 2

Transaction content	Correspondence of	Amount,
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	accounts		UAH
	debit	credit	
17. Record off income as financial result	703	791	13500
18. Record off prime cost as financial result	791	903	4000
19. Profit is reflected	791	441	9500
20. Record off the cargo from the memorandum account	–	023	32000

Services operating income should be recognized in the amount of the contract value, but not less than the remuneration amount received in any form even in the case of obligations reduction in accordance with the Art. 135 Ch. III of the Tax Code of Ukraine (hereinafter – TCU) [7]. Date of income origin should be determined by the date the report preparation or other official document issued in accordance with the applicable legislation. In accordance with the Art. 138 of Ch. III the TCU [7] expenses which form the cost of performed work should be considered as the expenses of the same financial reference period in which services income was recognized. Under the Art. 136 Ch. III of the TCU [7], transit amount which is intended to third parties should not be included to the forwarders income as well as finances which are forwarded to commissioner (attorney, agent) should not be considered as income.

Forwarder's remuneration should be included into income in accordance with report date confirming the performance of the freight forwarding services (Par. 137.1 Art. 137 Ch. III of the TCU [7]).

Taxation should be performed in a general way in the event when the forwarder independently imposes taxes for the services. In accordance with the Art. 187 Ch. V of TCU, tax liabilities for VAT arise by the date of the first event which occurred previously: the date of fund transfer from the customer to the VAT payer's bank account; the documentation date of the fact which certifies services supply by VAT payer.

The service costs (total sum of the transit financial resources) provided by the third parties are not included into the forwarder's base, which makes the peculiarity for the VAT taxation of the partnership intermediary agreements.

Conclusions. Summarizing the abovementioned we should notice that freight forwarding activity is the essential part of the entrepreneurship and transport services. It is stated that the consignment note is the main document for the cargo delivery calculation and provided services accounting. A large number of the primary documentation complicates the displaying of the process in accounting and reporting relevant to the provided services performed by the motor transport enterprises. Author suggests implementing the usage of the electronic document management at the enterprises which allows displaying integrated information and effect monitoring in real time mode. Principal tasks which should be introduced into modern accounting in the connection of the cargo delivery accounting process were illustrated herein. Author analyzed current accounting operating processes related to the freight motor transport services and developed practical offers and recommendations as to their modernization.

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