

FEATURES OF ACCOUNTING AT ENTERPRISES PROVIDING TRANSPORT AND FORWARDING SERVICES

MIHAIL GHERASIMOV

PhD, Associate Professor

Department of Accounting, Audit and Economic Analysis,

Academy of Economic Studies of Moldova,

Chisinau, Republic of Moldova

gherasimov.mihail.ivan@ase.md

<https://orcid.org/0000-0001-5992-7298>

Abstract. Competent accounting of freight forwarding companies has a number of nuances. A freight forwarding company can act as an intermediary between the customer and the carrier or independently carry out transportation with its own transport. In the first case, only the remuneration of the freight forwarder for the provision of services will be recognized as revenue, in the second case, the entire amount of the transaction. Important points that you should pay attention to when organizing accounting for a forwarding company: non-resident income tax; accounting for exchange rate differences; multimodal transportation; accounting for penalties for downtime; insurance: the cost of cargo insurance can be carried out both at the expense of the client and at the expense of the forwarder. When choosing a taxation system, a freight forwarding company should pay attention to the following factors: the share of exports in the volume of services; the share of costs that includes input VAT.

Keywords: transport, freight forwarder, services, income, expenses.

JEL Classification Codes: M41

Introduction

The crisis in the international logistics market, which hit Moldovan freight carriers, affected intermediaries (forwarders) much less. More than a hundred forwarding companies operate in Moldova today. Their share accounts for over 70% of the international transport market of the Republic. Typically, forwarding companies in the Republic do not own their own vehicles. For the purpose of transportation, they rent it from carriers.

Forwarders - guides in the darkness of the market.

For a Moldovan or foreign client who is inexperienced in matters of logistics, forwarders act as a kind of “Charon”, helping to navigate the complex world of transportation.

This is facilitated by the good knowledge of forwarders about the location of vehicles, thanks to which suitable transport is promptly chartered in any country. Forwarders minimize transportation costs by applying significant discounts, as they are the largest customers of transport enterprises.

For the customer, cooperation with a forwarding company is an opportunity for more profitable delivery of their cargo, a chance to avoid unprofitable (idle) runs and downtime, a way to avoid falling for the bait of unreliable freight carriers, since forwarders monitor the reputation of those who work with whom.

True professionals in the field of support - international freight forwarders - are able to profitably organize and carry out logistics procedures.

Namely:

- know the features of international transportation by various types of transport: road, water (sea and river), railway, air

- know how to choose the best route and delivery method

quickly search and hire means of transporting goods

- ensure timely delivery of means of transportation to loading or unloading points

are involved in the preparation of the necessary documentation (customs and shipping)

- know the agreements, conventions, traditions and legislation of different countries in the field of logistics, which helps to avoid problems during customs clearance of documentation

carry out coordination for the transportation of special cargo (oversized and dangerous)

accompany cargo, control the transportation process, etc.

- bear full responsibility for the cargo [1].

In the conditions of the formation of market relations, road transport has long received a new impetus for its development and, as a result, has become one of the most rapidly changing and growing sub-sectors of the Moldovan economy today. The change in the system of economic relations and the development of domestic and international commodity markets have opened up great prospects for motor transport.

In our opinion, income and expenses from the ordinary activities of road transport enterprises in the Republic of Moldova can be classified **as follows**:

a) by type of route:

- urban

- suburban

- long-distance

- international

b) according to the specifics of the activity:

- regular

- irregular

- expeditionary

c) by type of transportation:

-passenger

-freight

- expeditionary

Both passenger and freight transportation can be carried out along the following routes:

urban transportation – road transportation of passengers, luggage and cargo within the city;

suburban transportation – road transportation of passengers, luggage and cargo between populated areas of the Republic of Moldova along routes up to 50 km from the city of Chisinau inclusive;

intercity transportation – road transport of passengers, luggage and cargo between populated areas of the Republic of Moldova along routes over 50 km long;

international transportation – road transport of passengers, luggage and cargo outside the Republic of Moldova or to the Republic of Moldova from abroad [2].

As additional services, the forwarding agreement may provide for obtaining documents for export or import, performing customs and other formalities, checking the quantity and condition of the cargo, loading and unloading it, paying duties, fees and other expenses imposed on the client, storing the cargo, receiving it at the destination, as well as performing other operations and services.

With the client’s consent, the forwarder can determine what type of transport to transport the client’s goods, taking into account the client’s interests, the level of tariffs and delivery times.

If the expedition agreement does not provide for the forwarder’s obligation to fulfill his duties personally, the forwarder has the right to involve other persons in the performance of his duties. Assigning the fulfillment of an obligation to a third party does not relieve the forwarder from responsibility to the client for the fulfillment of the contract.

An expedition agreement is not a contract for the carriage of goods.

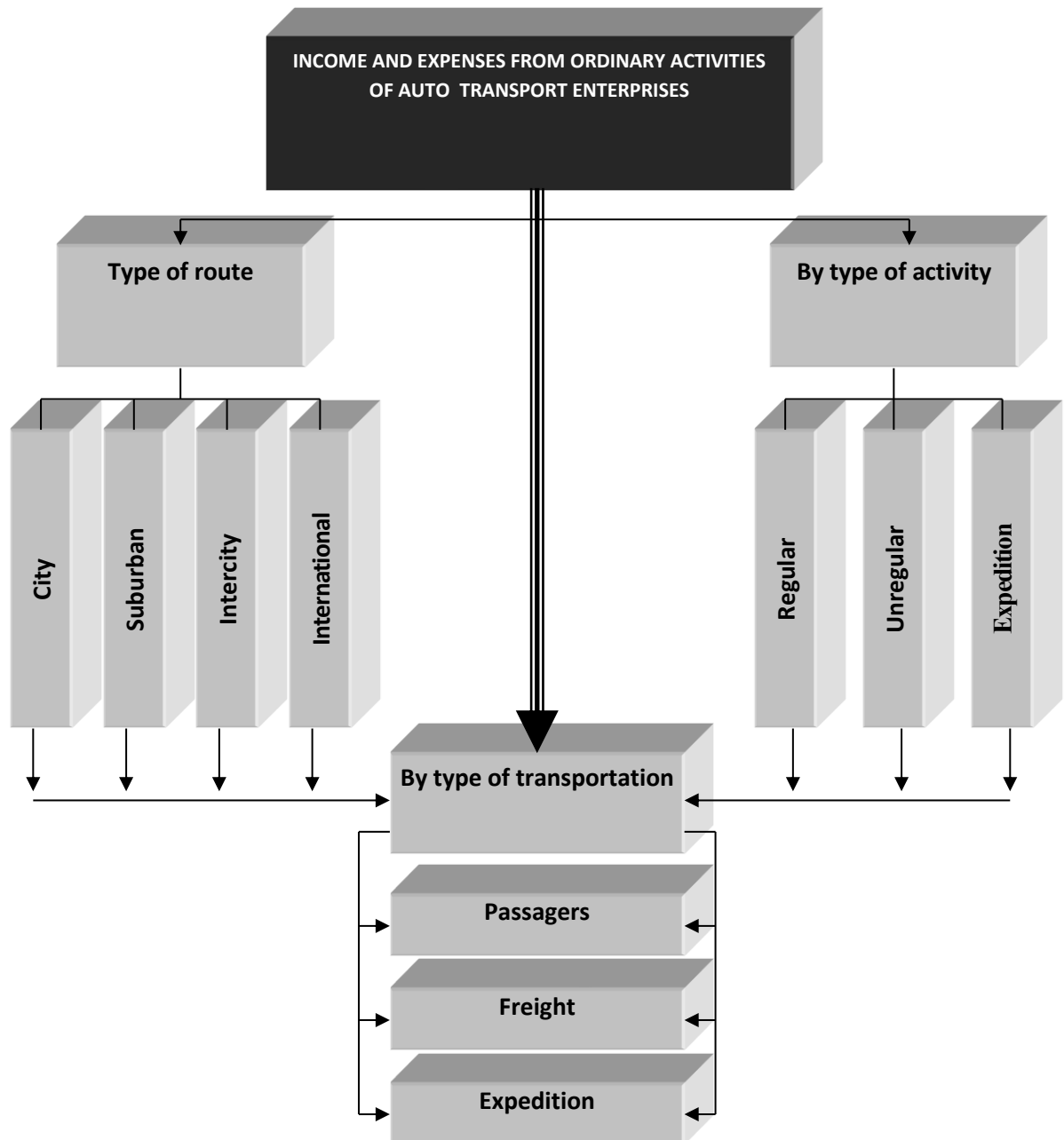


Image 1. Classification of income and expenses from ordinary activities of motor transport enterprises

Source: elaborated by the author, based on the auto transport codex [2]

Transportation of passengers and luggage by buses (minibuses) is divided into regular and irregular.

In terms of freight transportation, it is proposed to include income and expenses from the provision of services by motor transport enterprises:

for the transportation of goods on urban, suburban, intercity and international routes.

Regular transportation is carried out on pre-announced routes with a frequency established by the schedule.

Irregular transportation is carried out by transport agents in compliance with current regulations under contracts (orders) with individuals or legal entities who are customers of transport services.

Results obtained and discussion

Forwarding services are production activities consisting of organizing the transportation of cargo, ensuring its dispatch and receipt, performing or organizing the performance of other operations related to all stages of transportation [2].

Freight forwarding services as a type of services provided relate to both the types of transportation and the specifics of the activity.

Thus, *transport forwarding is an activity related* to the provision of services to shippers and consignees (clients) and the organization of cargo delivery by any type of transport. The provision of transport expedition services (forwarding services) is carried out by special forwarding organizations - freight forwarders.

In our opinion, freight forwarding services are a list of organizational services for carrying out transportation, ensuring shipment, receiving cargo, signing transportation contracts and other services.

The transport services market consists of several elements. Among them is the category of forwarding services. It has a certain commercial significance.

Conventionally, we believe that types of freight forwarding services should be divided into three levels:

The first consists of buyers (customers) of transport services - shippers, consignees and cargo owners.

The second is represented by forwarders, who are intermediaries in the sale of transport services, but at the same time organize and control, in whole or in part, the logistics chain for the delivery of goods.

The third is carriers (with roads, shipping companies, airlines, trucking companies, etc.) with transport infrastructure enterprises. They are responsible for loading, unloading, storing, transferring to other types of transport, repairing rolling stock, etc.

It is possible to identify a certain qualification of transport and forwarding services. Classification for transportation by different modes of transport is based on three criteria: place, time of execution and type of work performed.

Based on the place of performance, types of freight forwarding services and work carried out on the territory of the shipper's (forwarder's) warehouse, departure station (port, point), directly along the route, as well as at the destination station are distinguished. Then the cargo ends up in the warehouse of the consignee (forwarder).

Lead times also vary. Services can be provided before the cargo is accepted for transportation, after which, stage of transportation, before delivery, during delivery and after it.

Forwarders have the opportunity to purchase cargo from suppliers, which frees them from work on distribution cargo, giving them the status of a kind of distribution centers. This type of maintenance technology is a way to establish a uniform rhythm of work for the chain links. This, in turn, helps prevent disruptions in the production process that are caused by delays in cargo delivery.

What are transport and forwarding operations called?

Transport and forwarding service is a separate operation or group of operations directly aimed at satisfying a specific client need for a transport expedition and characterized by the presence of the necessary technological, economic, information and legal support.

When providing forwarding services in full, transport expedition involves organizing the transportation of goods from the door of the shipper's warehouse to the door of the consignee's warehouse (the term “door-to-door” is used). In this case, **the full range of cargo delivery services includes:**

- delivery from the shipper's warehouse to the freight railway station, to the port, to the airport;
- loading into a vehicle (car, wagon, ship, plane);
- payment of tariffs for cargo transportation;
- unloading from a vehicle, for example, a wagon at the destination station;
- delivery of cargo by road to the consignee's warehouse.

As research has shown, the list of freight forwarding services includes:

- 1) Development, on behalf of the client, of a cargo transportation route for transportation by several modes of transport (mixed or so-called multimodal and intermodal transportation);
- 2) Concluding agreements with other forwarders and participants in the transportation process for chartering cars;
- 3) Registration of transport documents: waybills, bills of lading and other documents necessary for the delivery of goods to their destination;
- 4) Payment of transportation tariffs and other payments and fees;
- 5) Cargo insurance, participation in the preparation of documents in case of damage, damage or shortage of cargo (so-called unsafe transportation);
- 6) Performing the duties of a customs broker during the transportation of export-import cargo;
- 7) Informing shippers about the progress of goods, searching for goods in case of their loss;
- 8) Organization, if necessary, of redirection of cargo along the route;
- 9) Obtaining permits and processing documents for the transportation of dangerous, large and heavy cargo;

10) Other services on behalf of clients.

Accounting

In the accounting policy, in addition to determining what accounting standards the freight forwarding organization will operate by and applying the legislation on accounting and financial reporting, it is necessary to provide for what situations may arise within the framework of the expedition agreement regarding the accounting of funds; income and expenses; accounts receivable and payable in relations with clients and organizations carrying out cargo transportation; arising exchange rate differences, etc.

The client transfers funds to the forwarder's account, which include amounts intended to pay partners involved in the transportation of goods and the amount of the forwarder's remuneration. The funds received can be in tenge or in any foreign currency. Whether the funds received are prepaid, postpaid or paid on other grounds (for example, 20% prepaid, 80% postpaid) depends on the terms of the contract.

According to paragraph 23 of IAS 21 “The Effects of Changes in Foreign Exchange Rates” at the end of each reporting period:

- a) monetary items in foreign currencies are translated at the exchange rate at the reporting date;
- b) non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction;
- c) non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date of fair value measurement [5].

Monetary items are units of currency available, as well as assets and liabilities receivable or payable, expressed in a fixed or determinable number of currency units.

Monetary items are units of currency available, as well as assets and liabilities receivable or payable, expressed in a fixed or determinable number of currency units. According to paragraph 16 of IAS 21, an inherent characteristic of a monetary item is the right to receive (or the obligation to provide) a fixed or determinable number of currency units. At the same time, an integral characteristic of a non-monetary item is the absence of the right to receive (or the obligation to provide) a fixed or measurable number of currency units [5].

Based on the requirements of the National Accounting Standards (NAS) [3] and the Law on Accounting and Financial Reporting [6,7,8], we consider it necessary to propose opening the following for account 611 “Sales Income” and subaccount 6113 “Revenue from the provision of services” [4]. third-order accounts: 61131 “Income from the provision of freight forwarding services”:

611311 “Development, on behalf of the client, of a cargo transportation route for transportation by several modes of transport (mixed or so-called multimodal and intermodal transportation)”

611312 “Conclusion of agreements with other forwarders and participants in the transportation process for chartering cars”

611313 “Registration of transport documents: waybills, bills of lading and other documents necessary for the delivery of goods to their destination”

611314 “Payment of transportation tariffs and other payments and fees”

611315 “Cargo insurance, participation in the preparation of documents in case of damage, spoilage or shortage of cargo (so-called unsafe transportation)”

611316 “Fulfilling the duties of a customs broker during the transportation of export-import cargo”

611317 “Informing shippers about the progress of cargo, searching for cargo in case of loss”

611318 “Organization, if necessary, of redirecting cargo along the route”

611319 “Obtaining permits and processing documents for the transportation of dangerous, large and heavy cargo”

6113110 “Other services on behalf of clients.”

In accordance with the proposed nomenclature of income accounts received from the provision of freight forwarding services, expense accounts can also be proposed.

Accordingly, to account 711 “Cost of sales”, to subaccount 7113 “Cost of services provided” [3] open the corresponding accounts: 711311, 711312, 711313, 711313, 711314, 711315, 711316, 711317, 711318, 711319, 7113 10.

Information with the proposed nomenclature of subaccounts will be useful for both users and management personnel of motor transport enterprises and will meet the requirements of NAS “Revenues”, “Expenses” [3].

Conclusion

In the Republic of Moldova there are no clear methodological legislative acts on the definition and accounting of income and expenses associated with freight forwarding services in motor transport enterprises.

We consider it necessary to offer a range of analytical accounts for accounting for income and expenses associated with this type of service. The proposed nomenclature of accounts will allow managers and management personnel of motor transport enterprises to receive detailed information both for analysis and for making management decisions.

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