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SOME ISSUES OF ACCOUNTING COSTS AND EXPENSES IN MOTOR TRANSPORT ENTERPRISES

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Abstract. As studies of the accounting practices of domestic motor transport enterprises have shown, for most of them there is no distinction between the concepts of costs and expenses and determination of the cost separately for each service provided.

Many of them directly include the costs incurred in the cost of sales and determine the financial result in monetary terms of the total volume of services provided.

Accountants of the motor transport enterprises we study, guided by the NAS “Expenses,” write off most of the taxes or entertainment expenses (expenses) as administrative expenses.

In our opinion, it would be more appropriate to take into account the tax for the use of roads and other fees that are paid for each vehicle separately annually, not as part of administrative expenses, but as part of the costs for each vehicle unit separately.

Keywords: costs, expenses, income, vehicles, responsibility centers.

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Introduction

The term “expenses” became widespread at the beginning of the 20th century, simultaneously with the advent of the dynamic concept, according to which the financial result is defined as the difference between the income and expenses of an enterprise.

According to NAS “Expenses” from January 1, 2015, expenses represent a decrease in economic benefits reflected in the reporting period in the form of disposals, a decrease in the value of assets or an increase in liabilities, contributing to a decrease in equity capital (financial result), with the exception of those associated with its distribution between owners [1].

The definition of costs today in the current regulations of the Republic of Moldova is discussed directly in the “Methodological guidelines for accounting of production costs and calculation of the cost of products and services” (hereinafter Guidelines):

Production costs are resources presented in monetary terms and spent to produce products/provide services [1]. Domestic NAS clearly define costs in construction and in agriculture; in this regard, such NAS have been developed and put into effect: “Construction Contracts”, “Features of Accounting in Agriculture”, however, **an important issue in our opinion is the clear definition of costs and expenses at motor transport enterprises.**

Results obtained and discussion

Transport service is the final process of material production and at the same time the initial stage of production or final consumption.

Currently, a service is understood as the direct movement of goods in space, as well as any operation that is not a movement operation, but ensures its preparation and implementation, namely: packaging and labeling of goods, their bundling, intermediate storage, transportation of passengers.

The issue of recognition of income and expenses and their impact on financial results in accordance with the fundamental principles of accounting since January 1, 1998 is relevant in Moldova, as in other countries.

Until January 1, 2019, there were five fundamental accounting principles in force in the Republic of Moldova:

1) going concern - provides for the preparation of financial statements based on the assumption that the entity will operate as normal for at least 12 months after the reporting date without the intention or need to liquidate or significantly reduce the volume of activities. In cases where the financial statements are not prepared on a going concern basis, the basis for preparing the financial statements and the reason why the entity cannot continue its activities must be presented;

2) accrual method - provides for the recognition of elements of financial statements, with the exception of elements of the cash flow statement, as they arise, regardless of the moment of receipt/payment of funds or other form of compensation;

3) differentiation of property and liabilities - provides for the disclosure in financial statements only of information about the property and liabilities of the entity, which must be taken into account separately from the property and liabilities of owners and other entities;

4) non-compensation – consists of separately reflecting assets and liabilities, income and expenses in financial statements. Settlement of assets and liabilities or income and expenses is not permitted unless the set-off is permitted by National Accounting Standards;

5) consistency of presentation - involves maintaining the order of presentation and classification of elements of financial statements from one reporting period to another.

Today, the list of fundamental accounting principles has been expanded and supplemented with such principles as: prudence, integrity, relative importance, consistency of methods, valuation at historical cost.

It should be noted that, as research shows, the first five fundamental principles of accounting, listed above, most often occur in enterprises, including in the motor transport sector.

The characteristics of transport products are determined by the characteristics of the transport process.

The process of production of products is considered completed only when the products are delivered to the sphere of consumption, and, accordingly, the process of production of transport products stops immediately after the cargo (passenger) is delivered to the right place. Consequently, transport products are produced only while the vehicle with cargo or passengers is moving. Due to their non-physical form, transport products (car services) are not separately received, are not delivered to the warehouse and are not reflected in the accounting accounts.

The process of production (provision of services) coincides in time with the process of their sale. Providing auto services does not require packaging, loading and transportation. This is the main feature of ATP, which does not require reflection in accounting accounts, delivery of services to a warehouse, storage, etc. Because of this, the cost of services provided is reflected as a decrease in the accumulated costs of operating the telephone exchange.

The work plan of an enterprise in modern conditions is a program of production, commercial and financial activities, which is drawn up by the enterprise itself in accordance with its goals, taking into account opportunities, based on an analysis and forecast of the market situation.

In the Republic of Moldova, ATPs carry out both domestic and international transportation, which in turn can be both passenger and cargo.

When carrying out international transportation, the issue of recognizing exchange rate differences arises.

Some ATPS, in addition to carrying out their main activities - providing services for the transportation of passengers and goods, also provide other services that largely determine the procedure for accounting for income and expenses. We are talking about accounting for income by type, and expenses - according to their total amount, without reflecting the required amount of expenses for the corresponding type of income. In other words, accounting for other income and expenses must be maintained without complying with the requirement of the matching principle.

In addition to the sale of travel tickets, which can be: current, preliminary, return, on preferential terms, bus stations (bus stations) provide other services, such as:

- storage rooms;
- mother and child rooms;
- rent of space;
- parking of vehicles;
- payphones;
- bathrooms;
- utilities;
- canteens (buffets)

Motor transport companies operating in the Republic of Moldova provide many different services:

- *provision of services for the transportation of passengers on urban, suburban, intercity and international routes;*
- *luggage transportation;*
- *storage rooms;*
- *provision of mother and child room services;*
- *freight transportation;*
- *forwarding, etc. [2].*

Primary activity – activity related to the production of products and/or provision of services, which constitutes the purpose of the entity's activities.

Thus, managers of such enterprises and other users of accounting information do not receive the necessary information for analysis and business planning.

The enterprises under study for the most part write off all expenses associated with the use of vehicles in their activities directly to account 711 “Cost of sales”, subaccount 7113 “Cost of services provided” **without differentiation by vehicle or for each vehicle separately.**

As a rule, motor transport enterprises have direct costs, which, according to the Guidelines, are defined as follows:

Direct costs are costs that can be attributed to a specific costing object directly without intermediate calculations [3].

The direct costs of motor transport enterprises include the costs of:

- a) fuels and lubricants;*
- b) payment of drivers;*
- c) deductions for social and health insurance from the accrued wages of drivers;*
- d) business trips for drivers;*
- e) repair of vehicles in accordance with the law, etc.*

This list can be supplemented depending on the specifics of the activities of motor transport enterprises.

Thus, during the reporting period, you can obtain the necessary information about the amount of costs for each vehicle separately.

Along with direct costs, there may also be indirect production costs, which are defined as follows:

Indirect production costs are costs associated with the management and maintenance of production units of the subject [4].

Based on the definition and operation of trucking enterprises, indirect production costs may include:

- a) the salary of a rolling stock manager;*

b) deductions for social and health insurance from the accrued salary of the rolling stock manager;

c) manager communication services;

d) travel allowances, etc.

In other words, indirect production costs must be allocated and relate directly to the provision of road transport services.

In our opinion, it would be more appropriate to take into account the tax for the use of roads and other fees that are paid for each vehicle separately annually, not as part of administrative expenses, but as part of the costs for each vehicle unit separately.

In this regard, we consider it necessary to open a subaccount 8211 “Mandatory fees on vehicles” for account 821 “Indirect production costs” [3] **and propose a nomenclature of analytical accounts:**

- **82111 “Fee for the provision of services for the road transportation of passengers”;**

- **82112 “Vehicle parking fee”;**

- **82113 “Water use fee”.**

The same applies to the tax on improvement of territories, which is calculated quarterly based on the average number of employees of the enterprise, thus it is possible to distinguish drivers of vehicles separately.

Thus, we consider it necessary to propose taking into account part of the tax on territory improvement, calculated on the basis of the average number of drivers and rolling stock management, to be taken into account quarterly:

- **82114 “Levy for improvement of territories, calculated from services.”**

In our opinion, the proposed nomenclature of analytical accounts will reliably reflect the information of motor transport enterprises and, ultimately, such information will be included in the cost of services provided [4].

It is unclear how to write off hospitality expenses as administrative expenses of the enterprises under study, since for the most part the reception of delegations from abroad is associated with the production process of motor transport enterprises.

Conclusion

Taking into account the above, we consider it necessary to invite motor transport enterprises to keep records for each motor transport unit using management accounting accounts, which will generate costs for responsibility centers, as well as accounting for the cost of sales from motor transport services provided using analytical accounting accounts under account **711 “Cost of sales”** also for each the car separately.

In addition to everything, we consider it necessary to introduce into the accounting practice of motor transport enterprises, for complete information on costs and expenses, which may be necessary for managers and other users to make decisions, keeping records of costs and expenses by type of transportation: urban, suburban, intercity and international.

Based on all of the above, we can conclude that, ***in the light of current legislation, it is necessary for motor transport enterprises to develop a regulatory document (regulation) on the recognition and accounting of costs and expenses.***

References

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