

# Specific practices regarding accounting for domestic and foreign freight transport services

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## Abstract

The paper analyzes various legal, organizational and accounting aspects of a transport company, with a case study on the company S.C. AGM TRANS S.R.L. The first chapter examines the legal and functional framework for the transport activity, emphasizing the transport of goods and the regulations for road transport, including obtaining the necessary licenses. The second chapter analyzes the organization and conduct of transport activities, evaluating the organizational structure and development strategies, using SWOT analysis to identify challenges and opportunities. The last chapter addresses the accounting treatments applicable to fixed assets, financing and debt management. The case studies provide a deep understanding of the operational and financial challenges and solutions. The paper emphasizes the importance of integrating legal, organizational and accounting aspects for conducting an efficient and sustainable activity.

**Keywords:** accounting, transport, organizational structure

## 1. Introduction

### 1.1 General information

Transportation is essential to the global economy, facilitating the movement of goods and people through various modes (road, rail, maritime, air). It supports trade, expands company markets, and improves competitiveness. It contributes significantly to job creation and stimulates other economic sectors, helping reduce unemployment and improve living standards. Transportation influences regional development, attracts investments in underdeveloped areas, and reduces economic disparities. It ensures the essential function of distributing goods, contributing to globalization and international exchange. However, transport activity also has a negative impact on the environment, such as carbon emissions and pollution, highlighting the need for sustainable transport solutions and investments in green technologies.

Road transport is flexible and accessible for short and medium distances but can be costly over long distances. Rail transport is environmentally friendly and efficient for heavy and bulky

goods over long distances, although accessibility can be an issue. Maritime transport is ideal for international trade at low costs, but it has longer delivery times. Air transport, fast and secure, is suitable for urgent deliveries, though it comes with high costs.

Efficient management of freight transport involves detailed planning, route optimization, and real-time monitoring. Legal documents, such as transport contracts and invoices, are essential for compliance. Challenges include volatile economic conditions, infrastructure issues, and increasing requirements for environmental sustainability. Companies must adapt to these challenges through more sustainable practices and advanced transport management technologies.

Ensuring the safe and high-quality transfer of products to customers requires the company's logistics manager to implement logistics platforms as effective methods for resource conservation. These platforms represent objectives of the logistics system, carrying out goods-handling activities such as storage, packaging, sorting, and grouping in order to be delivered to recipients (customers).

## **1.2 On the Authorization and Organization of Transport Services**

The Ministry of Transport in Romania is responsible for the development and safety of road transport, including the implementation of international agreements. The Romanian Road Authority (ARR) is an institution subordinated to this ministry, handling the inspection and control of road transport operations. ARR is responsible for issuing transport licenses, supervising compliance with safety regulations, and monitoring road transport operators.

Road freight transport is strictly regulated, with vehicles required to meet safety standards and be equipped with tachographs to monitor driver activity. Obtaining a transport license requires meeting conditions related to good repute, financial capacity, and safety, supported by documentation proving compliance, in order to operate legally both nationally and internationally. Licenses must be periodically renewed, and the renewal procedure includes an assessment of compliance with legal regulations. One of the fundamental goals of the European Union is the creation of a single internal market — a territory without internal borders where the free movement of goods, individuals, services, and capital is guaranteed among its member states.

The analyzed company's main field of activity is road freight transport. It has 32 employees, a turnover of 25,520,485 lei in 2023, and a net profit of 8,451,845 lei. The company pays VAT and corporate income tax.

The company's investment policy focuses on expanding its vehicle fleet, in line with the growing number of contracts and the increasing volume of transported goods. Strong collaborations with vehicle suppliers provide access to the best offers, expertise, technical support, and service. The company maintains a strategy of diversifying suppliers by analyzing at least three different offers before each purchase. Standard truck specifications include features for driver comfort, technical innovations, and elements that reduce fuel consumption. Prioritizing compliance with the latest pollution standards, the company moved directly from EURO 3 trucks to EURO 5, and in 2023 purchased 22 EURO 6 trucks. The company also aims to expand its client portfolio, open new work points, and increase its subcontractor network. Over the last four years, the company has purchased 40 EURO 6 trucks, with 2023 being the most prosperous year.

The analyzed company operates based on a well-defined structure to ensure efficiency and coordination of activities. The administrator makes strategic decisions, coordinates departments, and manages the budget. The fleet manager is responsible for vehicle maintenance and compliance with safety regulations. The logistics coordinator manages the flow of goods and ensures efficient deliveries. The security coordinator implements safety policies and organizes training sessions. The manager's assistant supports the leadership in administrative tasks.

The road freight transport market in Romania has grown significantly in recent years, with an average annual increase of 8.5% between 2018 and 2023, and is estimated at approximately 17 billion euros in 2023. Accession to the Schengen area could simplify border transit, increasing the competitiveness of Romanian carriers. Foreign investments from companies such as Nokian could stimulate the manufacturing industry, increasing the demand for logistics and transport services. However, the restrictions imposed by the Mobility Package 1 could continue to affect cross-trade and cabotage activities. Romania benefits from a strategic geographical position, facilitating access to important routes in the Black Sea region. This development and growth potential make Romania an attractive market in the transport industry.

The vision of AGM TRANS S.R.L. is to become a regional leader in efficient and sustainable transport solutions, offering innovative and high-quality services to meet customer needs. The company's mission focuses on providing safe, fast, and cost-effective transport services, using advanced technology and dedicated personnel to ensure customer satisfaction and reduce environmental impact. The strategic objectives of AGM TRANS include geographic

expansion into new regions and countries, implementation of green technologies, diversification of the client portfolio, and optimization of operating costs to increase profitability.

## 2. Economic Analysis

During the period 2023–2024, following the increase in turnover, both domestic clients and those from the EU recorded significant growth in the total value of the services provided, as shown in the table below.

**Table no. 1. Structure of sales according to the destination of services**

No.	Indicator Name	2023	2024	Inx
1.	Domestic clients	15.698.458	17.958.254	114%
2.	Intra-community clients	9.822.027	17.500.538	178%
3.	<b>TOTAL SALES 4 = 1 + 2 + 3</b>	<b>25.520.485</b>	<b>35.458.792</b>	<b>140%</b>

Source: Own contribution

The services provided for domestic clients increased by 2,259,796 lei (approximately 14%), indicating an expansion of the customer base and an improvement in the company’s service offerings. In the case of clients from the EU, the increase amounted to 7,678,511 lei, representing over 78%, suggesting an appropriate price–quality ratio.

**Tabel no. 2 Performance Indicators**

Year	Total Incomes	Total Expenses	Gross Profit	Profit Tax	Net Profit
2023	25.520.485	15.058.765	10.461.720	1.609.875	8.851.845
2024	35.458.792	20.458.697	15.000.095	2.400.015	12.600.080
Indicator	138,94%	135,86%	143,38%	149,08%	142,34%

Source: Own contributions

During the analyzed period, the company demonstrated significant growth and an improvement in profitability. Profit is an essential indicator for evaluating the efficiency and profitability of a company’s operations. The profit margin shows how effectively a firm manages

its expenses in relation to its revenues and plays a crucial role in assessing economic performance and the effectiveness of its sales policy.

**Table no. 3. Net Profit Analysis**

<b>Nr crt.</b>	<b>Denumire indicator</b>	<b>2023</b>	<b>2024</b>	<b>Inx</b>
1.	Total Incomes	25.520.485	35.458.792	139%
2.	Total expenses excluding tax	15.058.765	20.458.697	132%
<b>3.</b>	<b>Gross Profit</b>	<b>10.461.720</b>	<b>15.000.095</b>	<b>143%</b>

Source: Own contributions

In 2024, gross profit recorded an increase of over 43% compared to the previous year, given that revenues grew faster than total expenses. This can be explained as a result of increased sales volume and efficient cost optimization.

According to [2], SWOT analysis is a strategic tool used to identify internal and external factors that influence an organization’s performance, providing a solid basis for strategic planning and decision-making. SWOT analysis is an essential tool for evaluating the situation of a company, such as S.C. AGM TRANS S.R.L., by identifying and classifying internal and external factors that may affect the company’s performance. It involves analyzing the firm’s strengths and weaknesses, as well as the opportunities and threats in the market. The goal is to obtain an objective view of the current situation and to formulate effective marketing strategies. In some cases, it is recommended to identify external opportunities and threats before analyzing internal factors.

**Table no. 3. SWOT Analysis**

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Solid reputation for on-time deliveries and high-quality services.</li> <li>• Well-maintained fleet equipped with modern technology.</li> <li>• 8 years of market experience.</li> <li>• Client base in the EU.</li> </ul>	<ul style="list-style-type: none"> <li>• High costs related to fuel and vehicle maintenance.</li> <li>• Focus on international routes.</li> <li>• Use of older trucks can lead to higher maintenance costs.</li> </ul>

<ul style="list-style-type: none"> <li>• Transport services covering a wide geographical area.</li> </ul>	
<p style="text-align: center;"><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Expansion of e-commerce.</li> <li>• Expansion of the service portfolio, such as logistics and warehousing.</li> <li>• Collaborations with other companies.</li> <li>• Investments in green technologies.</li> </ul>	<p style="text-align: center;"><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Economic crisis.</li> <li>• Increasing number of safety and environmental regulations, which may raise compliance costs.</li> <li>• Emergence of new and aggressive competitors.</li> <li>• Fluctuations in fuel prices.</li> </ul>

Source: Own contribution

### 3. Approaches to Accounting for the Main Activities Carried Out

A significant share of the asset structure is held by tangible fixed assets, which is natural considering that fixed assets are essential for a transport company. These assets are not intended for sale, and their accounting aims to accurately and systematically reflect their acquisitions, disposals, depreciation, and current value.

Next, we will present the main activities related to investments and their financing, as well as the company's operational activities. Both national and international accounting regulations impose clear rules for the recognition, measurement, recording, depreciation, and disposal of these assets, highlighting the complexity and importance of this topic.

In the case of our company, the main tangible fixed assets are trucks, tractor heads, semi-trailers, GPS equipment, and tachographs. Key aspects related to tangible fixed assets include treatments related to asset acquisitions and depreciation.

A concrete example is the purchase of a second-hand MAN TGX 18.440 truck by the company on 01.02.N at a price of 45,615.13 lei, plus 19% VAT.

*Vehicle reception:*

<b>%</b>	=	<b>404</b>	
<b>2133</b>		Suppliers of non-current assets	54.282 lei
Motor vehicles			45.615,13 lei
<b>4426</b>			8.666,87 lei
Input VAT			

Accounting depreciation involves allocating the cost of an asset to expenses using one of the methods recognized by applicable accounting regulations (straight-line, declining balance,

accelerated, or per kilometer driven). The analyzed company uses only the straight-line depreciation method, with no differences compared to fiscal depreciation, because the useful life, established according to the Catalog approved by Government Decision no. 2,139/2004, is also used to determine accounting depreciation.

In the case of the mentioned truck, which is second-hand and already 3 years old, and is intended to be used for 5 years, straight-line depreciation will be applied. The truck's commissioning date is 01.07.N, and this method will involve distributing the depreciation costs evenly over the remaining useful life of the truck (i.e., over 5 years).

**Table no. 4. Annual depreciation**

Year	Initial value	Annual depreciation	Accumulated depreciation	Book Value
1	45.615,13	9123,03	9123,03	36.492,10
2	45.615,13	9123,03	18246,06	27.369,07
3	45.615,13	9123,03	27369,09	18.246,04
4	45.615,13	9123,03	36492,12	9.123,01
5	45.615,13	9123,01	45615,13	0,00

Source: Own contributions

*Monthly depreciation recording:*

<b>6811</b>	=	<b>2813</b>	
Depreciation of non current assets		Depreciation of plant and machinery, motor vehicles, animals, and plantations	760 lei

Regarding its financing activity, S.C. AGM TRANS S.R.L. obtained a long-term bank loan from a financial institution in the amount of 100,000 lei on 02.02.N. This loan has a duration of 10 years and carries an annual interest rate of 15%. A company's sources of financing can include both internal resources, such as self-financing, and external resources, such as bank loans, share and bond issuances, venture capital funds, or leasing. In this case, the company chose external financing by contracting this bank loan.

Receipt of long-term loan:

<b>5121.01</b>	=	<b>1621</b>	
Cash at bank in lei		Long-term bank loans	1.000.000 lei

*Interest payable in the first month: 1,000,000 lei × 15% / 12 months*

<b>666</b>	=	<b>1682</b>	
Interest expenses		Accrued interest on long-term bank loans	12.500 lei

*Interest payment in the first month:*

<b>1682</b>	=	<b>5121.01</b>	
Accrued interest on long-term bank loans		Cash at bank in lei	12.500 lei

Payroll liabilities are a company's obligations to its employees, including gross salaries, social contributions, and income taxes. Salary receivables represent the amounts employees are to receive from the employer, such as net salaries and bonuses.

AGM TRANS S.R.L., which has 32 employees, reported gross salary expenses of 1,632,335 lei in 2023 and 2,133,354 lei in 2024. In 2023, gross salary expenses were 1,632,335 lei, and in 2024 they increased by 501,019 lei due to the hiring of three drivers and salary increases to offset inflation. These actions reflect a strategy of consolidation and expansion through investment in human capital, aiming to increase productivity and improve employee retention. In June 2024, the gross salary of an assistant manager is 4,213 lei.

Finally, we will analyze a freight transport transaction for a domestic client, from the initiation of services to payment collection. Specifically, the analyzed company signed a contract for transport services on the route from Bucharest till Râmnicu Vâlcea and back, to be performed weekly until 01.06.2025, with the possibility of extension. According to the contract, the established rate is 6.2 lei/km, and the total round-trip distance is 354 km, resulting in a weekly invoice of 2,195 lei, plus 19% VAT.

The transport is carried out using a SCANIA S530 truck, with a loading capacity of 300,000 kg, a volume of 40 m<sup>3</sup>, and an unladen weight of 8,000 kg. Selecting the optimal route between Bucharest and Râmnicu Vâlcea involves technical and economic considerations, with multiple options available. The truck covers 177 km in approximately 3 hours and 32 minutes, at an average speed of 50 km/h.

On June 10, before performing the trip, the truck undergoes a monthly maintenance check. This maintenance is carried out by AUTO SOFTE, which issues an invoice for the services provided in the amount of 1,250 lei, plus 19% VAT.

*Recording of the invoice received from AUTO SOFTE:*

<b>628</b>	=	<b>401.01</b>	
Other third party services		Suppliers	1.487,50 lei
<b>4426</b>			1.250 lei
Input VAT			237,50 lei

On the same day, the truck is refueled with 400 liters of fuel at a price of 3.75 lei per liter. The total refueling cost is subject to 19% VAT.

*Recording of the fuel invoice from OMV PETROM:*

<b>6022</b>	=	<b>401.01</b>	
Fuel expenses		Suppliers	1.785 lei
<b>4426</b>			1.500 lei
Input VAT			285 lei

On June 12, the truck arrives at the warehouse in Bucharest to load the necessary goods before departing for Râmnicu Vâlcea. The estimated loading time for the truck is 1.5 hours.

*Issuance of the invoice for transport services on the Bucharest–Râmnicu Vâlcea route:*

<b>4111.01</b>	=	<b>704</b>	2.612 lei
Customers		Services rendered	2.195 lei
		<b>4427</b>	417 lei
		Output VAT	

The case study analyzes the execution of a freight transport process for an external client. AGM TRANS S.R.L. signed a service contract with a client from Germany, which provides for the transport of goods on the Munich (Germany) – Bucharest (Romania) route. On June 15, the driver reported to the client's warehouse, Miele & Cie. KG in Munich, Germany, where the goods were loaded. After loading, the driver departed for Romania. An advance payment of 550 euros was made via bank transfer to cover any expenses incurred during the trip.

*Recording of the advance for settlement via bank transfer:*

<b>542.01</b>	=	<b>5124.01</b>	550 euro
Cash advances		Cash at bank in foreign currencies	

After completing the transport from Germany to Romania, the invoice is issued to the external client.

*Accounting entry for the invoice issued on 17.06.N:*

<b>4111.02</b>	=	<b>704</b>	21.650,39 lei
Customers		Services rendered	(4.350 euro* 4,9771 lei/euro)

On 17.06.N, the driver submits the expense report for the costs incurred during the trip.

*Recording of the driver's expense settlement:*

<b>%</b>	=	<b>542.01</b>	
<b>628</b>		Cash advances	188 €
Other third party services			78 €
<b>6028</b>			110 €
Other consumables			

The remaining balance in the driver's bank account will be kept for the next trip he undertakes. On 18.06.N, the invoice issued to the external client is collected. On the date of collection, the exchange rate is 4.9851 lei. The client transfers the amount to the company's RON account.

*Recording of payment received from external client:*

<b>5124</b>	=	<b>4111.02</b>	21.650,39 lei
Cash at bank in foreign currencies		Customers	

*Recording of favorable exchange rate difference:*

<b>5124</b>	=	<b>7651</b>	34,80 lei
Cash at bank in foreign currencies		Foreign exchange gains	

#### **4. Conclusions**

The paper explores the complexity and importance of freight transport in the global economy, highlighting its essential role in facilitating international trade and supporting economic and urban development. It analyzes the legal framework and regulations governing transport, emphasizing the importance of compliance for efficient and lawful operations. The study of the company S.C. AGM TRANS S.R.L. illustrates internal organization, financial performance, and strategic adaptation through a SWOT analysis. The paper also addresses accounting and financial

aspects, providing practical solutions for real challenges in the industry. Overall, it highlights the interconnection between legal, organizational, and accounting elements and the necessity of proactive strategic management for long-term success and sustainability in freight transport.

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