Imports of Goods on its Own with Payment at Sight Analyzed from an Accounting Perspective

Lucia Paliu – Popa
"Constantin Brancusi" University of Târgu Jiu, Romania
School of Economics and Business Administration
30, Calea Eroilor Street, Târgu Jiu, Gorj County, Romania

Abstract

Although the permanent diversification of international trade and the development of commercial transactions show the constant concern of entities working in this area to provide new ways of promoting foreign trade transactions, businesses that combine in a single transactional mechanism elements of export, import, intra-Community acquisitions and supplies, service provision etc., so as to contribute to the increase of profit of such companies, the author intends to carry out an accounting analysis of imports of goods by foreign trade companies on their own account, a scientific approach in close connection, on the one hand, with the tax treatments specific to such transactions and, on the other hand, with the specificities related to the economic and financial regime. However, the accounting procedures will be made in congruence with the foreign price level and structure, the delivery term of the goods and the settlement term of debts or receivables, as appropriate, always making a connection between them and the accounts where they are reflected, so that the accounting and fiscal analysis made should enable us to draw relevant conclusions that will help guide the management decisions of foreign trade companies (FTC) to adopt those forms to carry out foreign transactions that are deemed to be the best.

Keywords: transactions, import, accounting techniques, analysis, decision.

1. Introduction

Considering that, in addition to the transactions performed with entities located in countries of the Community, the companies in Romania also carry out commercial transactions with partners from other customs territories (Popa, 2008; Dobrescu and et., 2008), transactions involving the two specific flows, namely: export and import of goods, the research will be directed towards developing accounting models specific to different ways of conducting such business, in this case, ***the import of goods***, enabling the author to identify, by comparison, the best alternatives in the light of the foreign trade company (Andone and et., 2011).

In fact, as part of foreign trade transactions, aiming to purchase goods from entities located outside the European Union, the import of goods is complex, requiring the delineation of its embodiments in relation to certain criteria solving the specific problems that arise and that address economic, financial, tax and accounting issues (Table 1).

It follows that the method and manner of achieving such trades also affect the accounting treatment for the imports of goods, without excluding the influence exerted on accounting by the tax rules specific to these commercial businesses, although, unlike the intra-Community commercial transactions, the taxation of foreign transactions does not have the same degree of complexity. However, we can not ignore the customs fees and charges incurred by entities as a result of the fact that goods are passing through marketing from a customs territory to another, which is why the fiscal approach was carried out so as to allow the author to detect those situations that lead to additional financial resources for the advance payment of budgetary liabilities, amounts that are either recovered on the first payment term, as in the case of VAT or increase the input value of the goods purchased outside the customs area of the European Union, if we refer to the customs duty, situations that adversely affect the company's profitability, with impact on the statement of assets and cash flows (Burciu and et., 2010; Visan, 2009).

Given the characteristic of the indirect manner of carrying out imports of goods, regarding the intermediation of international procurement of goods by FTC, entities that provide the interface between the foreign and domestic customers and manufacturers and considering the embodiment of imports of goods, the accounting techniques related to the purchases of goods from another customs territory are distinguished by issues concerning: the content and separate accounting record of expenditures and revenues, of the foreign debt and domestic claims and of the liabilities arising in connection with the tax and customs treatment applicable to the said foreign transactions, the settlement thereof and determination of the financial result.

In this context, always taking into account the specificities of the various forms of conducting the import of goods, the target of achieving a critical study on accounting and taxation of foreign trade transactions, in this case the import of goods, aiming at identifying those forms and modalities for conducting such businesses, that have a positive impact on the return of a FTC, with beneficial impact on the statement of assets and cash flows, determined the author to translate the entire research into accounting and tax analysis containing relevant conclusions for the proposed objective and purpose.

2. Features specific to imports of goods on its own

In fact, the import of goods on its own is a distinctive form of organization of the indirect manner of international purchasing, which includes all the transactions made by FTC, on its own account and at its own risk, whereby goods are purchased from abroad, from another customs territory, and are subsequently sold on the domestic market, both for productive and individual consumption. Therefore, the financial results of the import activity are reflected in the accounts and, hence, in the management of FTC, as profit or loss, as appropriate.

In order to make a relevant accounting analysis of the transactions related to the imports of goods on its own, analysis that influences the management decision (Marion, 2001; Black, 2004) and has an impact on the profitability of the activity carried out in this field, the author, just like other researchers (Alexander and Archer, 2001; Benedict and Elliott, 2001), believes that one should not neglect the features providing specificity to the method of organization and management of accounting, namely:

- FTC's economic relations with its foreign and domestic partners;
- flow of imported goods and hence of the freight performed;
- FTC's financial relations with the partners involved in these transactions.

A. Thus, FTC's economic relations are based on the binding agreements concluded with the foreign and domestic partners and with units providing services, and the main element, as in the case of exports of goods, is the negotiated price of the imported goods, namely the charges for the services performed on foreign and domestic routes.

In this case as well, the price negotiated between counterparties for the imports of goods depends on the Incoterms 2010 delivery terms, whose meaning is opposite to imports compared to exports, if considered in relation to the purpose of the flow of goods traded (Paliu – Popa, 2012).

Although the counterparties have all the 11 delivery terms that they can choose, depending on the purpose followed,[1] in carrying out foreign trade transactions, since our country's statistical returns conducted through the National Statistics Institute take into account in determining the value of goods delivered outside the country, the actual FOB[2] prices and in determining the value of the goods purchased outside the national territory, the actual CIF[3] prices, values that are reported, as appropriate, by entities or other state institutions, is an argument that entitled us to use the two values with priority in conducting the research.[4]

In fact, the foreign import prices, that are determined according to the delivery terms used by FTC in the commercial relationships developed with the foreign supplier, in addition to the negotiated foreign net FOB price in currency, the freight costs, the costs for insuring the goods abroad, as well as different levels of service, fees, expenses of loading, unloading or handling, related to the carriage of the goods purchased, to the external route etc. It follows that the foreign import price which includes, in addition to the external value of the commodity, the foreign currency expenses incurred by entering another customs territory, corresponds to the customs value of the imported goods, amount which determines the customs duty and fee, the VAT and, where applicable, the amount of excise duty, as components of the acquisition cost.[5]

The complexity of the acquisition cost of goods imported from outside the European Union requires the use of specific accounts to record the payment of the customs duties, namely: account 446 “Other taxes and similar liabilities”, used to reflect customs duties and excise duties, two separate analytical accounts are opened for this purpose and the account 447 “Special funds - taxes and similar liabilities”, used to record the customs fee. Although not part of the acquisition cost, the value added tax due and payable by FTC in the customs provides specificity to the imports of goods, requiring the use of the account 4426 “Input VAT”.

However, if we focus attention on the agreements concluded by FTC with partners in the country, we can see that in negotiating the selling price for the imported goods, as an important element of the trade agreement, the customs value or acquisition cost thereof are taken into account, based on which the dealer's margin is calculated. The VAT is subsequently applied to this price. The customs acquisition cost may be increased by the costs of transportation and handling of goods on domestic route, except that there are situations when the invoices from service providers do not arrive on time and hence their amount is unknown, which is why, in most cases, the price at which FTC records the stocks purchased in the debit of account 371 “Goods purchased for resale” means the customs acquisition cost, while the costs of transportation of goods on domestic route is separately reflected, as appropriate, one of the accounts: 378 “Price differences on goods purchased for resale”, 607 “Packaging costs” or 624 “Transport of goods and personnel”.[6]

Referring to the agreements concluded with entities providing foreign freight and insurance services, as in the case of goods exported on its own, they are usually framework agreements made for a certain period of time and covering all types of international purchases of goods (Caraiani and Potecea, 2009).

B. The flow of imported goods covers the routes traveled by the goods purchased by FTC from suppliers located outside the Community in order to be sold to domestic customers, (Graumann-Yetton, 1997) routes that, in relation to the entities involved in carrying out such transaction, are reflected in:

1. foreign supplier → customs → FTC → domestic customers;
2. foreign supplier → customs → FTC → third entities → FTC → domestic customers;
3. foreign supplier → customs → FTC → third entities → domestic customers.

Although the goods are managed by foreign trade companies, they are followed separately in the accounts, as they are in the stores of FTC, in which case the account 371 “Goods purchased for resale” is used or sent to third companies for processing, packaging, sorting, etc., in which case the account 357 “Goods for resale at third parties” is used.

The marketing of imported goods on the domestic market generates, directly, on the one hand, trade receivables related to the domestic customers and operating income in the foreign sales value, involving the use of the accounts: 4111 “Customers”, 707 “Income from sales of goods” and 4427 “Output VAT”, and on the other hand, operating expenses and trade payables involved by the management of goods in the process of purchasing and selling and by the overall management of the foreign trade entity (Pratt, 2005).

C. FTC's financial relations with its partners concern the settlements with third parties, carried out in sequence of the flow of movement of goods, namely:

- when purchasing from the foreign market, FTC pays the goods purchased in foreign currency, which is converted into RON, for the entry in the accounts, at the exchange rate at the time of payment, when the positive or negative exchange rate differences are also calculated and recorded, affecting as appropriate, the *financial income* (account 765 “Foreign exchange gains”), if the exchange differences are positive or *financial expenses* (account 665, “Foreign exchange losses”), if the rate differences are negative, differences that are determined by the evolution of the exchange rate between the acquisition invoice date and the payment date of the debt to the foreign supplier, if both moments occur in the same month, or between the debt valuation date, i.e. the end of the previous month and the date when the foreign partner was paid;
- subsequently, FTC pays the services on international routes (freight, insurance, brokerage fees, service levels, etc.). to the entities providing services, when there are calculated and recorded the exchange rate differences related to the exchange rate development between the invoice date of the services and the payment date thereof, if the billing and payment occur in the same month, otherwise the comparison is made between the exchange rate at the time of payment and that recorded at the end of the previous month, exchange rate used for debt valuation.

- cash payment of the fees due to customs (customs duty, customs fee, excise tax, value added tax);
- from domestic sales, FTC collects the value of the goods imported and sold to domestic customers in RON, thus managing to recover the money spent and to achieve their expected profit from conducting transactions related to the imports of goods on its own.

Therefore, in terms of accounting, FTC reflect in their accounting both the income and expenses from the sale of imported goods, and the income and expenses arising from imports, including operating expenses related to the administration and management of those entities.

Referring to the financial income and expenses from foreign exchange, the author states that they may occur when paying the debts in foreign currency, but also at the end of each month, when assessing the debts in foreign currency in relation to the exchange rate set and displayed by the central bank for the last banking day of the month[7] exchange differences that are also calculated for the cash in foreign currency.

If we consider the payment term for the goods imported, used for structuring the import of goods into import of goods on its own with settlement at sight, then we may note that the flow related to the FTC's financial relations with its partners, previously referred to by the author, no longer corresponds to the flow of movement of the imported goods, as the payment to the foreign supplier is made after the sale of goods on the domestic market and the cashing thereof, in which case the importer owes the trade credit cost to the foreign supplier.

Looking from this perspective and given the complexity of the forms of carrying out international commercial transactions, (Blănaru, 2009) the whole scientific approach on the accounting methodology specific to them was developed in close agreement, on the one hand, with the specific tax treatments,[8] and on the other hand, with the specificities related to the economic and financial regime concerning FTC's economic relations with its partners, the flow of goods exported and hence the transport made, and also the entity's financial relationships with its domestic and foreign partners (Vişan, 2009; Ball and et., 1996).

3. Accounting techniques specific to the import of goods on its own with payment at sight

The import of goods on its own with payment at sight made by the foreign trade companies, seen from the perspective of its correlation with the flow of imported goods involves, in a first stage, the purchase of goods from foreign partners and, in the second stage, the sale of goods to domestic customers, steps that require two types of transactions, namely:

- transactions concerning the stocks, that are delimited according to the method used for their synthetic records (perpetual inventory method and periodic inventory method), and differ according to the flow of imported goods;
- transactions concerning the domestic marketing of imported goods.

In this context, the author believes that knowing all components of the actual cost of acquisition at the time of import has a great importance in the development of accounting models specific to imports on its own, because some of them corresponding to the customs value (foreign price of the goods negotiated under net FOB in currency, the freight costs, the costs for insuring the goods abroad, as well as different levels of service, fees, expenses of loading, unloading or handling on international routes, related to the carriage of the goods purchased) are the basis for determining non-recoverable fees paid by FTC in customs (customs duties, customs fees, excise) and the value added tax (VAT).

In order to record in the accounts both the transactions specific to the import of goods and the transactions specific to other economic categories, FTC uses the following documents: foreign invoice of delivery of goods, invoices of service providers on international routes, import customs declaration, detailed import schedule, acting as calculation of the customs acquisition cost, including the tax liability on VAT due to customs, the internal invoice of delivery of imported goods, and also other documents related to the method of settlement, such as: payment order, bank opening letter of credit, documentary collection, etc.

Considering the situation where, on the arrival of goods to customs, the importer would hold all the documents related to the transactions performed in the purchase of goods from outside the Community, the author focused on SC Export-Import Ltd, an entity that is part of the group of companies under study and that in November 2011 made an importation of goods from Israel, knowing the following:

- on October 31, 2011 the entity had cash in the bank accounts open in domestic and foreign currency in the amount of $25,300.00, i.e. RON 15,800.00;
- on November 7, .2011 S.C. Export-Import S.R.L., imported goods worth $9,500.00, under the FOB foreign port of loading and the payment of the foreign supplier was made on November 15, 2011 after receipt and acceptance of goods, through documentary collection;
- the foreign freight costs invoiced by the service provider entity on November 7, 2011 were worth $900.00, and those related to goods insurance amounted to $ 00.00, billed on the same date;
- the Import customs declaration was made on November 14, 2011, when the importer paid the fees due to customs, based on the statutory rates in Romania, namely: customs duty - 10%, customs fee - 0.5%, VAT - 24%;
- the domestic freight costs invoiced by a transport entity on November 15, 2011 amounted to RON 1,200.00, VAT excluded;
- the imported goods were fully sold on November 21, 2011 to a domestic customer, at the sales value of RON 51,000.00, VAT of 24%, and on November 30, 2011 they were cashed by bank transfer.

The author believes that the *detailed import schedule* plays an important role in the accounting, being used both for calculating the external value of goods for customs purposes (foreign CIF value), an amount that is required in order to determine the customs duties and fee and for calculating the customs acquisition cost, a value essential in determining the value added tax payable in customs. Looking from this perspective and taking into account the data presented above on the import of goods, which was achieved under CIF, we have the components of the customs acquisition cost in domestic and foreign currency (USD) (Table 2).

The import of goods on its own with settlement at sight involves accounting records that, presented by the author in their logical sequence, include both transactions related to the stocks of goods and transactions concerning their marketing on the domestic market, namely:

- entry of imported goods at the net FOB external value:

371 "Goods purchased for resale"	=	**401** "Suppliers"	30,130.20

- recording of freight and insurance costs on international routes:

371 "Goods purchased for resale"	=	**401** "Suppliers"	5,074.56

Following the tabulation of the amounts corresponding to the two transactions that include, on the one hand, the external value of the goods under net FOB, and on the other hand, the costs of transport and insurance of goods on international routes we obtain the external value of the goods imported under CIF, value that is reflected in the debit of account 371 "Goods purchased for resale" (RON 35,204.76). Although the two accounting formulas presented above are identical, except the amounts, however they differ in that separate analytical accounts must be opened at the account 401 "Suppliers". One of them reflects the debt to the foreign supplier of goods in the foreign net value net (the first accounting formula) and the other the debt to the foreign transport and insurance service providers (second accounting formula).

- entry of the customs duty and customs fee:

371 "Goods purchased for resale"	=	**%**	3,696.50
		446 "Other taxes, duties and similar expenses"	3,520.48
		447 "Special funds - taxes and similar liabilities"	176.02

If, in compliance with CIF, the external value of the goods is increased by the customs duty and fee, non-recoverable taxes previously recorded, which increase the input value of the goods purchased, we obtain the customs acquisition cost of the imported goods, cost resulting from the debit of account 371 "Goods purchased for resale" (RON 38,901.26), amount also representing the calculation base for the value added tax due by FTC at the customs.

- customs duties paid by bank transfer:

%	=	**5121** "Cash at bank in lei"	13,032.80
446 "Other taxes, duties and similar expenses"			3,520.48
447 "Special funds – taxes and similar liabilities"			176.02
4426 "Input VAT"			9,336.30

- the payment of foreign transport and insurance services, taking into account the exchange rate developments between the service invoice date (November 7, 2011) and date of transfer of the amounts from the bank account in foreign currency (November 15, 2011) with negative exchange rate difference, calculated as follows:
  - amount in RON on the payment date: USD 1,600 x 3.2116 RON/USD = RON 5,138.56;
  - amount in RON on the invoice date: USD 1,600 x 3.1716 RON/USD = RON 5,074.56;
  - exchange rate difference (negative): RON 5,138.56 – RON 5,074.56 = RON 64.

%	=	**5124** "Cash at bank in currencies"	5,138.56
401 "Suppliers"			5,074.56
665 "Foreign exchange losses"			64.00

- the debt payment to the foreign supplier takes into account the exchange rate developments between the invoice date of the external value of the imported goods (November 7, 2011) and the time when the debt is paid (November 15, 2011), determining the negative currency difference as follows:
  - amount in RON on the payment date: USD 9,500 x 3.2116 RON/USD = RON 30,510.20;
  - amount in RON on the invoice date: USD 9,500 x 3.1716 RON/USD = RON 30,130.20;
  - exchange rate difference (negative): RON 30,510.20 – RON 30,130.20 = RON 380.

%	=	**5124** "Cash at bank in currencies"	30,510.20
401 "Suppliers"			30,130.20
665 "Foreign exchange losses"			380.00

- entry of the domestic freight costs included by FTC in the acquisition cost of imported goods, at a value of RON 1,200, excluding VAT (RON 1,200 x 24% = RON 288):

%	=	**401** "Suppliers"	1,488.00
371 "Goods purchased for resale"			1,200.00
4426 "Input value-added tax"			288.00

In this context, the domestic freight expenses included in the acquisition cost of the imported goods involve an increase in the registration price of the goods purchased from outside the EU, from the amount of RON 38,901.26, which corresponds to the acquisition cost at the customs, worth RON 40,101.26, reflecting the record price of the imported goods upon the record into inventory, an amount that, in fact, is also reflected in the debit of account 371 "Goods purchased for resale".

The author concludes that the entity will be able to eliminate the domestic freight costs from the acquisition cost of the imported goods, by including them either in a separate analytical account opened in the account 371 "Goods purchased for resale", account for the monthly collection and distribution of the domestic freight costs incurred in the case of domestic sales of goods, distribution which is based on conventional calculations, or by direct inclusion in the account 607 "Packaging costs", if their value is low, with little influence on the outcome of the exercise. But, in the author's opinion, the domestic freight costs whose value is not significant may be reflected directly in the account 624 "Transport of goods and personnel," thus eliminating some additional calculations for their distribution based on coefficients determined according to the value of the goods sold or other criteria, as appropriate.

- payment of the domestic freight costs from the bank account in RON:

401 “Suppliers”	=	**5121** “Cash at bank in lei”	1,488.00

- full sale of imported goods on the domestic market, at the sales value of RON 51,000 excluding VAT (RON 51,000 x 24% = RON 12,240):

4111 “Customers”	=	**%**	63,240.00
		707 “Income from sales of goods”	51,000.00
		4427 “Output VAT”	12,240.00

- in the same time, the discharge from administration of the goods sold is recorded at the customs acquisition cost, knowing that the ending balance in the inventory account is carried out using the “first in-first out” (FIFO) method:

607 “Commodities”	=	**371** “Goods purchased for resale”	38,901.26

- the full distribution of domestic freight-handling costs related to the goods sold, previously reflected in an analytical account opened in the synthetic account 371 “Goods purchased for resale”:

607 “Commodities”	=	**371** “Goods purchased for resale”	1,200.00

- collection of the debt for the domestic supply of goods through the bank account opened in lei:

5121 “Cash at bank in lei”	=	**4111** “Customers”	58,280.00

If we analyze the accounting transactions previously carried on imports made on its own with payment at sight, both in domestic and foreign currency, then at the end of November 2011, this entity did not have any losses and debts related to the purchase of goods from markets outside the European Union or to the selling thereof on the domestic market.

Examining the account 5124 “Cash at bank in foreign currencies”, the author notes that at the end of the month it has a final balance due in the amount of $14,200.00, assessed according to the exchange rate set by the central bank on November 30, 2011, time when the positive exchange rate differences are calculated and recorded as a result of its development from the previous month:

- amount in RON on November 31, 2011: USD 25,300 x 3.0889 RON/USD = RON 78,149.17;
- amount in RON of payments: USD 11,100 x 3.2116 RON/USD = RON 35,648.76;
- amount in RON on November 30, balance of account 5124 “Cash at bank in foreign currencies” before evaluation: USD 14,200 (USD 25,300 – USD 1,600 – USD 9,500) and RON 42,500.41 (RON 78,149.17 – RON 5,138.56 – RON 30,510.20);
- amount in RON on November 30, 2011: USD 14,200 x 3.2764 RON/USD = RON 46,524.88;
- exchange rate difference (positive): RON 46,524.88 – RON 42,500.41i = RON 4,024.47.

5124 “Cash at bank in currencies”	=	**765** “Foreign exchange gains”	4,024.47

As in the case of export, (Paliu – Popa, 2012) the import of goods made on its own with payment at sight involves, in addition to the accounting models specific to this economic category related to the stock from imports and marketing on the domestic market, accounting techniques covering joint transactions regarding the entity's overheads, which are not directly related to the conduct of import and selling on the domestic market of the goods purchased and the closure of the income, expenses and value added tax accounts.

4. Conclusions

After analyzing the accounting methodology specific to imports on its own with payment at sight, the author notes that after their selling on the domestic market the entity obtained operating income amounting to RON 51,000.00 (account 707 “Income from sales of goods”) related to a volume of expenses totaling RON 40,545.26, of which: RON 40,101.26 relate to operating activities (account 607 “Packaging costs”) and RON 444 to financial activities (account 665 “Foreign exchange losses”, expenditures related to the payment in foreign currency of foreign freight and insurance service providers), thus resulting in a gross profit for the import of goods totaling RON 10,454.74, corresponding to a tax amounting to RON 1,672.76 (RON 10,454.74 x 16% = RON 1,672.76).

We can also note the considerable amount of the duties paid at customs, amounting to RON 13,032.80, of which: RON 3,696.50 are the amount of non-recoverable taxes that increase the customs acquisition cost and RON 9,336.30 are the input VAT that is subsequently recovered at the first payment term of the value added tax according to the fiscal period. Thus, at the end of November 2011 the payable value added tax totals RON 2,903.70, an amount obtained as the difference between the output VAT on the domestic marketing of the imported goods (RON 12,240.00) and the input VAT paid in customs (RON 9,336.30). Accordingly, the amounts paid to the state budget and other public bodies for the imports made total RON 15,936.50 (RON 13,032.80 + RON 2,903.70), value increased by the profit tax in the amount of RON 1,672.76 , resulting in a total value of RON 17,609.26.

In addition, the author kept the data for the imports of goods on its own with payment at sight and made a comparative analysis with the intra-Community acquisition of such goods, (Paliu – Popa, 2011), case which led to the conclusion that the amount of gross profit increases by RON 3,696.50. This amount corresponds to the customs duties and fee, liabilities that are not paid in the intra-Community transactions carried out between the Member States of the European Union, due to the elimination of customs barriers between them. However, this additional gross profit requires the payment of a profit tax increased by RON 591.44.00 (RON 3,696.50 x 16%). Also, in the event of intra-Community transactions, since there is a single customs territory, the value added tax is no longer payable, thus eliminating the immobilization of the amount of RON 9,336.30. The entity is required to pay the tax on the domestic sales of goods at the end of the fiscal period, i.e. at the end of November 2011, in the amount of RON 12,240.00.

In conclusion, the author states that the intra-Community acquisitions of goods on its own with payment at sight are more advantageous than the imports made under the same conditions, at least for the following reasons: the gross profit from intra-Community transactions is higher than that achieved from the import made with the value of customs duty and fee, amounts that are no longer liabilities of the entity, as the customs territory is the same and VAT is paid after selling the goods on the domestic market, thus eliminating the immobilization of funds occurring in the imports of goods, for the customs prepayment of the liability, without taking into account the sale of the imported goods. In this context, the author believes that the benefits mentioned above are enough to tilt the balance in favor of the intra-Community acquisitions of goods at the expense of imports.

References

Alexander, D., Archer, S. (2001). *European Accounting Guide,* Aspen.

Andone, I., Georgescu, I., Toma, C. (2011). *Research Methodology in Accounting,* Tehnopress Publishing House, Iasi.

Ball, D.A., McCulloch Jr., W.H. (1996). *International Business – The challenge of Global Competition,* Sixth Edition, Irwin McGraw – Hill.

Benedict, A., Elliott, B. (2001). *Practical Accounting,* Prentice Hall.

Black, G. (2004). *Applied Financial Accounting and Reporting,* Oxford University Press.

Blănaru, C. A. (2009). *Romania's Foreign Trade in the Context of European Integration*, Alfa Publishing House, Iasi.

Burciu, A., Kicsi, R.I., Cibotariu, I.Ș., Hurjui, M.C. (2010). *International Trade Transactions*, Polirom Publishing House, Iasi.

Caraiani, Gh., Potecea, V. (2009). *International Transactions. A practical Guide and Model Documents,* Wolters Kluwer Publishing House, Bucharest.

Dobrescu, A., Potecea, V., Sebea, M. (2008). *Conducting intra and extra Community Trade Transactions after Romania's Accession to the European Union,* Niculescu Publishing House, Bucharest.

Graumann-Yetton, S. (1997). *Guide pratique du commerce international*. *Exportation/Importation*, Editeur Litec, Paris.

Marion, A. (2001). *Analyse financiére*. *Concepts et méthodes,* 2e édition, Dunod, Paris.

Paliu – Popa, L. (2012). *Accounting Models Specific to the Independent Export of Goods with Sight Collection*, Economic Magazine, Journal of economic-financial theory and practice, Supplement No. 4/2012, pp. 506-513.

Paliu – Popa, L. (2012). *Development of the International Trade in Terms of Incoterms 2010 Rules***,** The Annals of Dunarea de Jos University of Galati, Fascicle I, Economics and Applied Informatics, Years XVIII – nº 1/2012, pp. 99-106.

Paliu – Popa, L. (2011). *Intra-Community Acquisitions versus Imports,* Annals Magazine. Series of Economic Sciences, Vol. XVII, Timisoara, 2011, pp. 290-925.

Popa, I. (2008). *Technique of Foreign Trade Transactions*, Economic Publishing House, Bucharest.

Pratt, J. (2005). *Financial Accounting in an Economic Context*, 6th Edition, John Wiley & Sons, Hoboken, NJ.

Vişan, D. (2009). *Accounting of International Trade Transactions*, 1st Vol. Tribuna Economică Publishing House, Bucharest.

*** *Order of the Ministry of Public Finance no. 3055/2009 approving the Accounting Regulations in compliance with the European directives*, OJ no. 766 of 10 November 2009, as further amended and supplemented.
*** *Law no. 571/2003 on the Fiscal Code*, OJ no. 927 of 23 December 2003, as further amended and supplemented.
*** http://www.customs.ro, the National Customs Authority.
*** http://www.bnr.ro, the National Bank of Romania.
*** http://www.e-intrastat.ro/incoterms.php, Intrastat.
*** http://www.insse.ro, National Institute of Statistics.

Tables

Table 1: Structure of imports of goods

Classification criteria	Forms of imports of goods
Methods of making imports of goods	- imports on its own, - imports on consignment.
Term of settlement of the imported goods	- imports with payment at sight, - imports on trade credit.
Method of settlement with foreign suppliers	- imports with settlement by letter of credit, - imports with settlement by documentary collection, - imports with settlement by commercial bills.
Goods delivery term	- imports made under FOB, - imports made under CFR, - imports made under CIF.
Nature of imported goods	- imports of general commodity, - imports of complex commodity.
Destination of goods	- imports of goods for domestic consumption, - imports of goods for re-export.

Table 2: Detailed import schedule

No.	Specification	Amount in currency (USD)	Amount in RON ($1 = RON 3.1716)
1.	Net FOB external value	9,500	30,130.20
2.	External transport	900	2,854.44
3.	International road insurance	700	2,220.12
4.	External CIF value (1 + 2 + 3)	11,100	35,204.76
5.	Customs duty (4 x 10%)	-	3,520.48
6.	Customs fee (4 x 0.5%)	-	176.02
7.	Customs acquisition cost (4 + 5 + 6)	-	38,901.26
8.	Input VAT (7 x 24%)	-	9,336.30

[1] *** http://www.e-intrastat.ro/incoterms.php, Intrastat.
[2] FOB (Free on Board) is the price at the border of the exporting country, which includes the value of the property, all transport costs to the point of embarkation, and all fees incurred for the property to be loaded on board.
[3] CIF (Cost, Insurance, Freight) is the price at the border of the importing country, which includes both parts of the FOB price and the costs of insurance and international transport.
[4] *** http://www.insse.ro, National Institute of Statistics.
[5] *** http://www.customs.ro, the National Customs Authority.
[6] *** *Ministry of Public Finance Order no. 3055/2009 approving the Accounting Regulations in compliance with the European directives*, OJ no. 766 of 10 November 2009, as further amended and supplemented.
[7] *** http://www.bnr.ro, the National Bank of Romania.
[8] *** *Law no. 571/2003 on the Fiscal Code*, OJ no. 927 of 23 December 2003, as further amended and supplemented.