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E- CONTENT FOR M.COM – SEMESTER 3

SUBJECT: ADVANCE ACCOUNTING

PAPER CODE: COMCC-13

UNIT: VOYAGE ACCOUNTING

TOPIC: INTRODUCTION, BASIC TERMS RELATED TO VOYAGE ACCOUNTING,
FORMAT OF VOYAGE ACCOUNT – PART 1

Voyage

Accounting

To know the financial results of a marine business, shipping companies prepare voyage account.

Voyage account is prepared to ascertain the profit and loss of voyage. It is similar to profit and loss account, all expenses are debited to voyage account and incomes are credited to voyage account.

It is made by each ship for its each specified voyage. Shipping company prepare voyage account periodically also.

Shipping companies carry goods from one place to another. Some companies carry passengers also in addition to goods from one place to another.

Nature of Account:

Voyage account is nominal account. It is prepared on the basis of rule of nominal account.

Expenses for shipping company

Following items are recorded in the debit side of voyage account:

1. Bunker Cost-

Bunker cost is an expenditure incurred on diesel, petrol, coal, water etc. used during the voyage.

2. Port charges-

Port is the place used by the shipping companies for loading and unloading of goods and parking of the ship, hence the charges paid for these purposes are known as port charges.

3. Depreciation-

Depreciation of the ship for the period of voyage is calculated and charged to the voyage account.

4. Insurance-

Premium of cargo must be entirely debited to the concerned voyage account whereas the insurance charges of the ship are charged proportionately to each voyage on the basis of time of voyage.

5. Address commission or Brokerage-

This is an amount payable to the brokers and agents who help the shipping company to bring business or freight. This is **calculated at a certain percent of the freight earned including primeage or surcharge** and debited to voyage account.

Address commission is payable to the charterer whereas brokerage is payable to the agent of the charterer.

6. Stevedoring charges-

The expenses which are incurred in loading of goods on the goods on the ships and unloading of goods from the ships are known as stevedoring charges.



7. Stores-

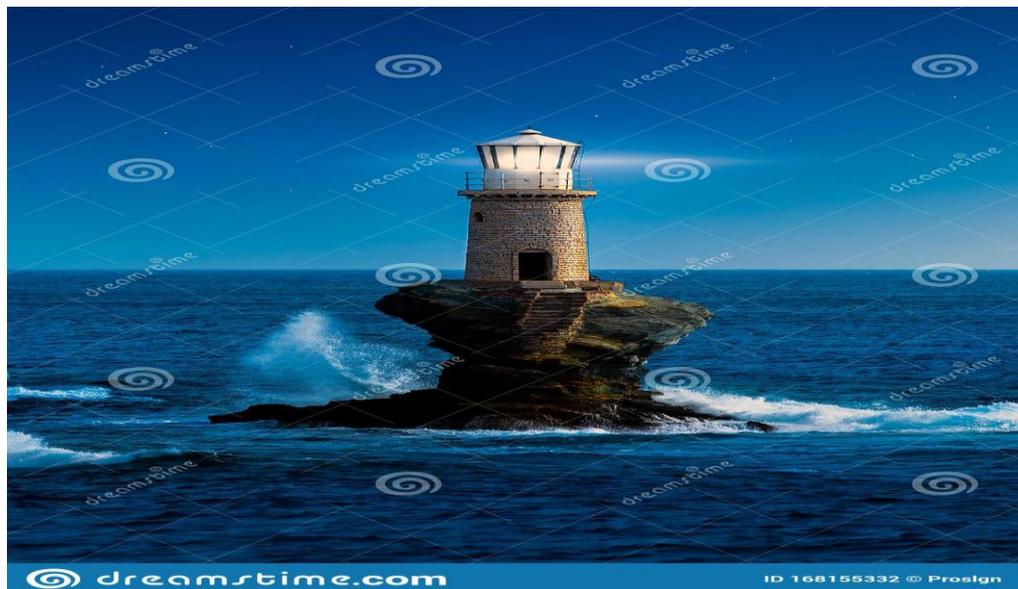
Stock of store is purchased during the year for use during the period of voyage.

Stores consumed is calculated as:

Opening stock + Net Purchase- Closing stock

8. Lighthouse charges-

A lighthouse is a tower, designed to emit light to serve as navigational aid. Charges are paid to authorities providing such light house facility are also debited to the voyage account.



9. Salaries and wages-

Salaries and wages of the crew, captain and other staff are recorded in the debit side of the voyage account.

10. Manager's Commission-

Sometimes commission is paid to the managers on freight earned.

11. Freight Insurance-

A freight insurance policy provides additional protection to freight. It offers protection against potential losses caused to the shipment during the transit. There are different types of freight insurance policies including cargo insurance, shipping insurance, transport insurance etc. All these policies cover merchandise and goods against loss or damage during transit from one place to another.

12. Harbour Charges-

Harbour charges are fees or charges paid for using a harbour.

Income for shipping company

Following items are recorded in the credit side of voyage account:

1. Freight-

The amount which is charged by the shipping companies for taking goods or cargo from one place to another is called freight. It is an income for shipping company.

2. Primage-

Shipping company charges an extra amount in addition to freight. This amount is calculated at a certain per cent over freight.

3. Passage Money-

Shipping companies carry passengers along with cargo the fare received from passenger is income of shipping company. This income is called passage money.

Specimen of Voyage Account

Voyage Account

*Voyage No..... from< Port>.....to<Port>.....
(From <date>.....to<date>.....)*

Dr.

Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Bunker cost	..	By Freight:	
To Port Charges	..	Outward	
To Brokerage or address Commission	..	Inward	..
[% on Freight + Primage]		By Primage:	
To Depreciation	..	Outward	
To Store Consumed	..	Inward	..
To Light House Charges	..	By Passage Money	..

To Stevedoring Charges	..	By Stores on hand (if any)	..
To Insurance of freight	..	By other income received	..
To Harbour charges	..	(if any)	
To Other expense (if any)	..		
To Manager's commission	..		
To Carry forward of income on incomplete journey	..	By Carry forward of expense on incomplete journey	..
To Net Profit Transfer to Profit and loss account (Balancing Figure)	...	By Net Loss Transfer to Profit and loss account (Balancing Figure)	...

