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OPERATIONAL ACCOUNTING

IN USSR FOREIGN TRADE

By V. T. Zoloyev

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FOREWORD

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OPERATIONAL ACCOUNTING
IN USSR FOREIGN TRADE

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INTRODUCTION

Operational accounting is very important for the economic direction and control of foreign trade. At the present time all the important problems of foreign trade are worked out and solved with the help of the data of operational accounting. This applies in particular to the solution of current problems in the economic activity of foreign trade organizations. It has therefore become of primary importance to study and solve the problems of organization and methods of conducting operational accounting.

Operational accounting promotes the development of foreign trade of the Soviet government. Its main task is to assure the existence of vital information about foreign trade operations, information that is essential for the direction and control of the economic activities of the export-import agencies. By fulfilling this task it favors the proper solution of problems that arise in the course of foreign trade.

With the growth of the commodity turnover during the postwar period, the expanding foreign economic ties of the Soviet government and the changes in the forms and methods of the conduct of foreign trade, the tasks of operational accounting are becoming more complex, and its role and significance for economic work are increasing.

The commodity turnover, calculated in inalterable prices, between the USSR and foreign countries in 1958 has increased almost seven fold from the prewar turnover in 1938.

Along with this growth, radical changes have taken place in the geographic distribution and commodity composition of export and import, as well as in the forms and methods of the conduct of trade. The foreign trade of the Soviet government is carried on in two world markets, the socialist and capitalist markets. The decisive position belongs to the socialist countries which at the present time claim about 75% of the total commodity turnover with the USSR.

The development of the foreign trade of the USSR during the postwar period was conditioned by the

colossal growth of the economic might of the Soviet state and the consolidation of its international position. The basis of its economic might is the high level of development of heavy industry along with the steady growth of the entire industry and of socialist agriculture. During the postwar period the development of the USSR's national economy was proceeding at an extraordinarily high pace. Industrial production in 1958 was 2.5 times higher than in 1950, and in the case of heavy industry -- 2.6 times higher. Significant results were attained also in the development of agriculture. State grain purchases in 1958 were 1.8 times higher than in 1953.

After the Second World War there were profound changes in the international situation. As a result of the war which led to a mighty upsurge in the revolutionary movements in a series of countries and their defection from the capitalist system, socialism expanded beyond the framework of one country and became transformed into a world system. This transformation of socialism into a world system and the formation of a world socialist market radically improved the conditions favoring development of foreign trade of the USSR and of the other countries of the socialist camp.

The steady rise in the economy of the USSR and of the socialist countries, the consolidation and development, in every possible way, of cooperation and brotherly mutual aid among them created favorable conditions for a significant expansion in the list of goods for foreign trade. In the exchange of goods between the socialist countries there is a systematic and constant drawing in new commodities and whole groups of commodities which previously either had no part at all in their foreign trade or had little significance in it. Along with this development there is also a significant rise in the role played by the commodities that were traditionally exchanged by these countries. During the postwar period there was also an expansion in the list of commodities in the foreign trade between the USSR and the capital countries, especially the economically underdeveloped countries. Many new products have entered into the foreign trade with these countries, and the turnover of the majority of traditional commodities has also considerably increased.

Important changes in the forms and methods of carrying on foreign trade took place during the postwar years. The trade and accounting relations between the USSR and the socialist countries are based on bilateral

agreements on the exchange of goods and payments. They have also become an important method of trading with the capitalist countries.

Under present conditions the problems of managing foreign trade of the Soviet government have become considerably more complex. The role and significance of control and verification of fulfillment have become very serious. On the part of the Soviet Government the direction of foreign trade is based on plans, established for a year or for a longer period, for import and export of goods. The plans determine the foreign trade tasks, and their fulfillment enlists all the economic activities of the foreign trade organizations. The conditions of foreign trade are subject to frequent changes, which in turn create new tasks, and it becomes necessary to introduce changes in the established plans. They are introduced in accordance with current tasks, and thereby their effectiveness as foreign trade management tools becomes evident. The correspondence of the tasks set by the plans to the requirements of the national economy as well as to the development of the foreign economic ties of the Soviet government, creates favorable conditions for their timely fulfillment.

The successful solution of the problem of management of trade depends to a large degree on the organization of the actual work of foreign trade. A thorough study of Soviet foreign trade, a critical analysis of its successful attainment as well as of inadequacies, the study and generalization of the positive experience of foreign trade activity -- all this is the primary task for all those engaged in foreign trade, economic directors, operational executives, economists, and others. Without such a study it is impossible to solve correctly the problems that come up in the practical economic work of foreign trade.

An important method of management, its integral part, is the control over the fulfillment of the national foreign trade plans. Systematic verification of the fulfillment of export, of transportation plans, of financial and currency plans -- aids in the timely accomplishment of the assigned tasks. Daily control is essential also over the realization of trade agreement quotas and also over the fulfillment of foreign trade transactions -- contracts, delivery orders and import commissions. This promotes the proper execution of foreign trade obligations. The verification of fulfillment problems can be solved correctly only if there is daily control during the course of the foreign trade operations, and if the economic directors and operational executives themselves

maintain the control. Only under such control can this method of economic direction yield the greatest effect.

To verify the assignments of the national foreign trade plans the data of operational accounting is used. This aspect of accounting is of great benefit in the study and control of the economic activities of foreign trade organizations. It is an important management tool, it is used for operational direction of foreign trade economic activity and it may aid in the accomplishment of the systematic direction of Soviet foreign trade.

The data of operational accounting reflect the economic processes that occur in foreign trade. Such data can be obtained if the operational accounting is organized correctly with the application of scientifically based methodology reflecting the foreign trade operations. In view of this, a study of the organizational forms of operational accounting and methods of its conduct is of great practical and scientific interest. Creative elaboration on the problems of this type of foreign trade accounting, critical analysis of results obtained in its organization and methodology promotes improvement in the quality of the accounting work and an increase in its effectiveness. Operational accounting must be improved and perfected constantly. This is necessary in the interest of further improvement in the quality of economic activity in foreign trade, and also because sufficient attention is not given to the theoretical problems of operational accounting.

In 1929 the 16th congress of VKP (b) [The All-Union Communist Party (B)] demanded in its resolutions: "To assure ... the establishment of unity in book-keeping, operational and statistical accounting ..."
[See Note]. The resolution of the Party Congress issued a call for a thorough study of the unification of the national economic accounting, and for a thorough investigation of each one of the three types of socialist accounting. Since the 16th Party Congress the problem of unifying the national economic accounting has been investigated in many studies. Much light has been thrown on the problems of statistical accounting and book-keeping. But the problems of operational accounting have not yet been the subject of sufficient study on the part of the experts in this field. This is especially true in the case of operational accounting of USSR foreign trade. The decision of the party conference obligated an elaboration of the problems of unity of national economic accounting and a profound study of every one of the three types of socialist accounting.

During the time since the 16th Party Conference the problem of unity of national economic accounting has been elaborated in many works. Problems of statistical and book-keeping accounting have received widespread illumination; problems of operational accounting have not yet attracted sufficient attention from the scientific workers. This applies in particular to operational accounting of the foreign trade of the USSR. Note:7
KPSS v Resolyutsiakh i Resheniyakh S"ezdov, Konferentsiy i Plenumov Tsk" CPSU in Resolutions and Decisions of the Congresses, Conferences and Plenums of the C.C."State Publ. House for Polit. Lit., 1954, part II, page 599.)

Not a single scientific work has so far been dedicated to the problems of this type; they have not been dealt with in print even incidentally in connection with the problems of the other types of accounting. This could not but result in difficulties for the development of operational accounting. Moreover it should be mentioned here that for a long time the basis of operational accounting was not even offered in the higher educational institutions which prepared personnel for foreign trade work. Although at the present time such courses are being given, little time is allotted to them, and there are no separate departments for this study. As a result, graduates of these institutions are quite insufficiently well equipped for work in this field.

It is necessary to give much more attention to the problems of establishment and development of operational accounting in USSR foreign trade. It is necessary to study its problems seriously, to elaborate them thoroughly, to give them extensive treatment in print to attract experts to this work, and to improve the training of personnel. Primary problems at the present time are the study of existing practices in operational accounting and the elaboration of the theoretical problems of this type of foreign trade accounting. One should not forget that in addition to its very close relation to planning which is extremely important, operational accounting has become the main source of the statistical data of foreign trade. This close tie between operational accounting and the statistics of foreign trade increases its role and significance in economic direction.

The close interconnection between operational accounting and the planning of foreign trade brings forth the responsible task of the study of this interconnection and its manifestations, and also the mutual

interaction between planning and operational accounting. However, this task has not yet attracted the attention it deserves from scientific workers, and not enough work is done on it. Although the planning and accounting workers come across these problems in their work, they too, give them little attention, mainly because of the pressure of their current work in the compilation of plans and the conduct of operational accounting.

Too little work is also done on the improvement of the interconnection and interdependence between operational and book-keeping accounting in foreign trade at a time when there is a great need for such work. These two types of accounting are carried on in all foreign trade economic organizations and greatly influence each other. For this reason it is of great practical importance to improve and perfect these interrelationships.

In the present work the author was striving to show the operational accounting of foreign trade, in action. Along with this it was deemed advisable to raise and throw some light on theoretical aspects of operational accounting, and to give them some consideration. For this reason the organization of operational accounting and the different ways in which it can reflect foreign trade operations is examined. The basic principles of the structure of operational accounting are illuminated, the development of its organizational forms is indicated, and its basic present-day organization is described. There is a detailed treatment, in this work, of the basic methodology of operational accounting as practised today, the processes of its initiation and development are described as well as the existing methods of reflecting foreign trade operations.

The organizational structure of operational accounting and the methods by which it reflects foreign trade operations correspond to the demands of economic direction and control in foreign trade. A thorough acquaintance with the concrete circumstances of economic activity and of the organizational structure of foreign trade are absolute prerequisites for the correct structure of operational accounting. With this in mind, a brief examination of the present organizational structure of foreign trade is given in this work. In the same way, in dealing with the methods of operational accounting, there is a description of those foreign trade operations which have to be reflected in it. In this respect special attention is given to those aspects of foreign trade procedures information on

which is necessary for the correct determination of methods to be used for their reflection in operational accounting.

CHAPTER ONE

THE ESSENCE AND METHODS OF OPERATIONAL ACCOUNTING OF FOREIGN TRADE

Economic Accounting Under Socialism

The need for economic accounting arose very early in the evolution of human society. Owing to its great importance as a means of control, economic accounting has existed and exists now in all social-economic units. Its role, however, is not the same at the different stages of social-economic development. K. Marx, in speaking about the role of economic accounting, wrote: "Book-keeping as a means of control and abstract socialization of this process (process of production - V. Z.) becomes all the more necessary as this process is accomplished on a socialized scale, and loses its purely individual character. Thus book-keeping is more necessary under capitalist production than under the scattered handicraft and peasant production, it is more necessary under socialist than under capitalist production". [See Note]. Under socialism its role is especially important. As Lenin pointed out: "Accounting and control -- this is what is required for the 'adjustment', for the proper functioning of the first phase of the Communist society". [See Note].

([Note] Marx, K., Das Kapital (The Capital), Vol II, 1953, page 131.)

([Note] Lenin, V. I. Collected Works, Vol 25, page 444.)

The significance of economic accounting under socialism is growing immensurably in comparison with the preceding social-economic structures. Common ownership of the means of production and planned management of the national economy make it essential in the interest of a socialist society to systematically control

production and the distribution of material wealth. V. I. Lenin wrote: "Until the advent of the higher phase of communism, socialists demand both from society and from the government the most rigid control over the degree of labor and of consumption." /See Note/

/Note/ Lenin, V. I., Collected Works, Vol 25, page 441.

Verification of fulfillment of the national economic plans in the USSR takes place with the aid of socialist economic accounting, organized by the Soviet government. Socialist accounting as a means of control fulfills a most important function of managing the national economy. It gives the data essential for the direction of the process of fulfillment of the national plans.

There are three types of socialist accounting -- operational, book-keeping, and statistical. All of them are closely related and form a unified system of accounting for the national economy. The unity of socialist accounting is a result of the unity of the national economy in the USSR, which is based on the common ownership of the means of production and directed according to a single national plan. This unity is also a goal of the socialist accounting, consisting of the reflection and control over the fulfillment of the national economic plans. The organization of socialist accounting assures favorable conditions for the fulfillment of its tasks. Socialist economic accounting in all of its three aspects is carried on in all enterprises (organizations, institutions). This type of organization yields the data that thoroughly characterize the economic activities of the enterprises. This data is used for the economic direction at the enterprises themselves, but above all for control over the fulfillment of the national plan. In addition, this data is used to obtain the aggregate information, essential for the direction of the fulfillment of the national plan by administrative and economic districts, the union republics, the different branches of the economy, and the national economy of the USSR as a whole. The accounting done at the different enterprises serves as a source of material which forms the basis for the aggregate data that reflects the whole process of the expanded socialist production in the USSR.

Foreign Trade Accounting. The Position and Significance of Operational Accounting in Unified System of Foreign Trade Accounting.

Foreign trade represents that branch of the socialist economy which puts into practice the economic ties existing between the Soviet Union and foreign countries. Its development progresses in close correspondence with the national plan. The Soviet government plans the export and import of goods according to the problems of the development of the national economy of the USSR and the economic ties with foreign countries. The fulfillment of these plans is verified with the help of operational, book-keeping and statistical accounting of foreign trade. These three types of accounting, unified into one system of foreign trade accounting, provide the thorough data that reflects the economic ties between the Soviet Union and foreign governments.

The unity of the foreign trade accounting system is a direct result of the integration of foreign trade in the USSR, as a branch of the national economy of the USSR, directed under a sole national plan. Foreign trade is organized as an entity on a national scale and is conducted on the fixed and unchanging basis of a government monopoly of foreign trade of the USSR, at the head of which is the Ministry of Foreign Trade. This Ministry has under its supervision and control all the Soviet economic organizations that are engaged in foreign trade. The unification of direction of foreign trade also determines the organizational structure of its accounting; it is organized as one integral entity on a national scale. The Ministry of Foreign Trade organizes this accounting as an entity under central direction.

The basis of foreign trade accounting is the current accounting data that flows from the economic organizations which carry out the export-import operations. Thus accounting in each separate economic organization is a link in the nation-wide foreign trade accounting system subordinated to planned direction, and is an integral part of the whole.

Foreign trade accounting reflects and controls the economic processes which occur in foreign trade of the USSR and expresses them in numerical terms. For the study and for the direction of this branch of the national economy, data is essential which indicates the degree of fulfillment of the national plan, the level attained in the fulfillment of quotas of the

trade agreements, the volume of turnover of goods for the USSR as a whole and in its distribution according to groups of countries and individual countries, lists of export-import commodities, etc. Foreign trade accounting ensures that such data will be available, and a study based on them reveals the peculiarities of the development of foreign trade, helps to establish a correspondence between the plan's indicated level of turnover of goods and the actual fulfillment, and permits a critical evaluation of the results of foreign trade economic activity. The material obtained through such a study can be used for devising measures for eliminating any deficiencies that may have been discovered and for general improvement of the activities of foreign trade.

All three types of foreign trade accounting -- operational, book-keeping and statistical, are organically connected and complement each other, and are all conducted in a centralized manner. The final formulation and summing up of all the primary accounting data takes place not locally but in central accounting establishments -- the all-union foreign trade agencies. Only the primary accounting of export and import operations is made by the local units.

All facets of economic activity, contained in documents received from local units, is registered and combined in the prescribed manner by the agencies.

The three types of foreign trade accounting together give overall information about USSR foreign trade, but each one of them has its own peculiar task and differs from the other in its peculiarities.

Operational accounting reflects the economic processes that take place in foreign trade, for the purpose of controlling and actively influencing them. The outstanding peculiarity of this type of accounting is its value in operational direction of economic activity conducted in the course of its realization. Operational accounting records and combines the data on export and import of goods, on transportation in foreign trade, currency operations and financial accounts; it helps to control the fulfillment of export and import plans, and the foreign trade commodity transportation plans, as well as the financial and currency plans; it verifies the fulfillment of the intergovernmental trade and credit agreements, as well as agreements on scientific-technical cooperation; it estimates the volume and value of the goods sold to foreign purchasers and of goods purchased abroad for shipment to the USSR; it supervises

the execution of obligations stemming from foreign trade transactions.

The work in the matter of export and import of goods falls into a number of closely connected operations which, after their completion, result in the fulfillment of the entire foreign trade economic transaction. Operational accounting reflects and controls each individual economic operation as well as all the operations as a whole.

The export and import of goods takes place on the basis of foreign trade transactions. The sum total of deliveries as per these transactions gives a general view of the exports and imports for the USSR, and also gives the figures on individual goods and also according to countries and goods. Export and import of goods involve their transportation, and this plays an important role in the timely fulfillment of the export-import assignments as well as currency and financial accounting. For each lot of goods, exported abroad or imported into the country, currency and financial operations take place. All this work of the foreign trade organizations is reflected in and controlled by operational accounting. Operational accounting is used for the daily direction of the economic processes in foreign trade, in this manner it helps their proper execution.

Of special importance in foreign trade operational accounting is the fact that it supplies the data on completed transactions necessary for economic direction a very short time after they take place. This has been made possible because the recording of export-import operations has been simplified and the delivery of the records has been accelerated. Economic operations are recorded in operational accounting on the basis of the foreign trade transactions, and of the transportation and shipping documents. In distinction from an industrial enterprise where all the economic processes occur and are documented mainly within the enterprise, the foreign trade operations for the most part occur and are documented outside of the foreign trade organizations. Because of this the forwarding of documents from the place where the economic operations are completed to where the accounting is done takes considerable time. If a method had not been devised to accelerate the delivery of the most important documentary information, it would have deprived operational accounting of its basic value -- speed in the presentation of the data on economic

operations.

In order to minimize the negative effect of the delays in the forwarding of the documents, so called "representative documents" are used in operational accounting to record a significant part of the foreign trade operations; these are notifications containing brief information about the completed foreign trade operations as reflected in the shipping and cargo documents, containing information that is essential for operational direction and control.

Operational accounting uses simplified methods for recording the economic operations. In distinction from book-keeping double entry is not used here, synthetic accounting is used only as an exception, the text (i.e. the contents of the economic operations) is not entered, and the monetary evaluation is often not registered, etc. All this makes it possible to conduct the accounting with minimal waste of labor, and ensures speedy processing of the incoming documents.

Another important aspect of operational accounting is its flexibility, i.e. its ability to assimilate quickly changes occurring in the course of foreign trade and to adjust to new conditions. Operational accounting is free from the many formal and conventional procedures so characteristic of book-keeping, and this makes possible rapid changes in its procedures depending on the current requirements of economic direction. This also makes it possible to clarify more fully the economic processes and to get more diversified information on these activities, information that is used for their further development.

Foreign trade operations are expressed in operational accounting in natural and monetary units of measurement (pieces, pairs, tons, rubles, etc.); labor standards are also used (workday, workhour). Natural and monetary units are both in wide-spread use, and in many cases they are both used in a parallel manner, i.e. the calculation is based at the same time on one standard and on the other.

However, in commodity export-import accounting preference is given to natural units of measurement. This is understandable inasmuch as the main task of operational accounting is the verification of the fulfillment of foreign trade plans in which the decisive role is played by indices expressed in natural units of measurement. Furthermore, the assignments of some of the indicated plans, such as delivery of goods for

export and delivery of goods to the national economy, are worked out and consolidated only in natural terms (with the exception of a small number of items -- knitted wear, haberdashery, and some others) assignments in which are made in monetary terms. It also should be noted that the lists of goods in the trade agreements, the verification of the fulfillment of which constitutes one of the important tasks of operational accounting, are compiled and coordinated among the parties mainly in natural units of measure. In these lists even the total volume of the deliveries listed is seldom expressed in monetary terms.

Thus, the conditions of work of the export and import of goods are such that in operational accounting preference has to be given to natural units of measure. Unfortunately, some come to the wrong conclusion, namely, that monetary units of measure have little importance in operational accounting. On the contrary, the monetary unit of measure, designed to obtain generalizing indices, plays a very important role in operational accounting. Its importance in operational accounting becomes greater because of the fact that the export and import of goods is planned not only in natural but in monetary units of measurement.

In addition, it is impossible to imagine the data of operational accounting as an endless number of unrelated individual pieces of information. On the contrary, all the indices on economic activities obtained from operational accounting as well as from foreign trade operations that they reflect are in close association and can be understood only en masse. They must therefore be systematically combined in a single monetary unit of management which is what is done.

In connection with the problem being examined, it is necessary to mention another widespread but mistaken view about monetary evaluation in operational accounting. Many consider that monetary evaluation in operational accounting is only approximate and inexact. Such a point of view is based on ignorance of the essence of operational accounting. It is true that the initial entries in operational accounting can be based on prices that will not be final, for instance, on average prices of the contract or on prices calculated provisionally. But these are only the initial registration prices which are later made more precise on the basis of specifications or other incoming documents. In this manner the initial entries are corrected and in the end the evaluation of the goods

as reflected in operational accounting coincides with their sale or purchase prices.

These are the basic conditions of operational accounting in foreign trade, which should be the limit of discussion here. The problems of this type of accounting are illuminated in detail later. For the present we shall pause briefly on the basic problems such as book-keeping, and statistical accounting of foreign trade.

Book-keeping reflects and controls in generalized monetary terms the economic processes which occur in foreign trade, as well as the means of the foreign trade organizations. Book-keeping helps to determine the amount and value of export goods shipped from domestic enterprises and sold abroad, and also the amount and value of imported goods supplied to agents representing the foreign trade organizations and shipped to Soviet clients; on its basis computations are conducted and the financial outcomes of the work of the foreign trade organizations are revealed (profits and losses); it supplies information about the extent of the means available to foreign trade organizations.

Book-keeping makes use of monetary, natural, and labor units of measurement. As distinct from operational accounting, special significance here is given to generalized monetary units of measure. Summarized data of economic activities of the foreign trade organizations is conducted by means of a systematic processing of the data gathered from shipping and cargo documents. Book-keeping utilizes its own method of surveying and processing data from primary accounts; it employs different types of accounts, double entry, and balance sheets. A special feature of book-keeping is that with its aid the final results of the economic and financial activities of export-import agencies are revealed. Statistics deal with the generalization and study of the mass phenomena and processes occurring in foreign trade. It examines the aggregate of these phenomena and processes, studying and grouping them according to their homogeneous qualities, and assigns them quantitative characteristics, and makes possible the determination of the peculiarities of their development. Statistical accounting verifies the different stages of the fulfillment of foreign trade plans, it calculates the total volume of USSR foreign trade, it establishes the allotment of goods for export or import by countries and groups of countries, it makes manifest the structure of the turnover of goods, it

determines the level of trade agreement quotas completed, and it calculates the results of the foreign trade economic and financial activities, etc. Statistical data is used in planning foreign trade, for the analysis of economic processes occurring in USSR foreign trade; they form the basis for the study of the peculiarities of the development of Soviet foreign trade, and the results of these studies are used for the direction and guidance of the foreign trade economic activities.

Foreign trade statistics depend for their basis on the data of operational accounting and book-keeping. The processing of the data of these two types of accounting and a scientific analysis of the resultant indices are done by means of the following special methods: summarization and grouping, average values, relative numbers, indices, dynamic series, etc. For purposes of computation of indices, natural and monetary units of measure are used here for the most part, labor units of measure are also used. Statistics perform an organizing role in foreign trade accounting, and it has an influence on the structures of operational accounting and book-keeping. Indices of operational accounting and book-keeping are formed in such a manner as to make possible their processing by statistical methods.

The Subject and Method of Operational Accounting. The Subject of Operational Accounting.

The main task of operational accounting is the reflection of foreign trade operations for the purpose of obtaining data that is essential for economic direction and control of foreign trade. This problem is solved through proper organization of this type of accounting and the application to it of scientifically based methods of reflecting foreign trade operations.

In the foreign trade of the USSR there occur two types of basic economic processes -- export and import, each one of which carries out an important aspect of foreign trade. The processes of export as well as those of import, develop in stages. At every such stage an important part of the work of the foreign trade organization is completed. Export work divides itself into the following three basic stages: receipt of goods for export; sale of these goods; export of the goods

abroad. Import work consists of the following: the acquisition of goods from foreign suppliers; their import into the USSR; transportation of the goods into the country; their delivery to the domestic clients. Of course this description is in most general terms. It merely gives a general idea of foreign trade work, but does not reveal its content. For this reason it is necessary to break down the export-import work further in order to gain a more thorough concept of the objectives of operational accounting.

In fulfilling the planned export-import assignments, the foreign trade organizations enter into various economic relations. In order to fulfill the planned export assignments, these organizations enter into contractual relationships with domestic purveyors of export items and with foreign purchasers of these items. These relations are executed through delivery orders placed with domestic purveyors and export transactions with foreign purchasers of goods. After the goods are received from the manufacturers, they are shipped to border points or to exit ports for dispatch abroad. These exported goods, depending on the terms of the contracts, are delivered into the possession of the purchasers directly after crossing the USSR border or later after full payment for them. Export operations are considered completed on receipt of payment for the goods in foreign currency.

To fulfill the assignments of the import plan, the foreign trade organizations enter into economic relations with Soviet purchasers of import goods and with foreign suppliers of these goods. These relations are executed through import orders obtained from Soviet purchasers and import transactions with foreign suppliers. According to provisions of the agreements the foreign suppliers deliver the goods to the borders of their own countries and dispatch them to the USSR. The Soviet foreign trade organizations make payments for the goods and arrange for their delivery into the USSR. When the imported goods arrive, they are sent to the domestic purchasers, according to the import orders on the basis of established plans. The import operations are completed when payment for the goods is received from the Soviet Purchaser.

The description given above of the more important aspects of export-import activities indicates the basic content of the activity of foreign trade organizations. At the same time it gives a conception of the basic objectives of operational accounting of foreign trade,

and also the relationship and interdependence that exist among these objectives.

Operational accounting assures an interrelated reflection of its subject and the acquisition of data essential for the direction and control of foreign trade. It reveals the content of foreign trade, its relationship to the national economy and the economic relations of the USSR with foreign countries. In order to fulfill its assigned tasks operational accounting is organized and conducted at all the foreign trade enterprises, and provides clarification of their economic activities. At the same time the data of operational accounting by means of statistical processing, is summarized on the scale of the entire foreign trade of the USSR, and thereby elucidates all its aspects.

Thus the subject of operational accounting is the exchange of goods between the USSR and foreign governments, computed in natural and monetary units of measurement for each separate foreign trade organization and for the entire system of foreign trade.

The turnover of goods in foreign trade is determined by the total value of the goods exported and imported during a specific period of time, usually in the course of one year. In this total turnover are included all goods exported or imported on a commercial basis. Exports and imports not of a commercial nature are not included, but are recorded separately.

Export goods included in foreign trade turnover are divided according to their origin, into goods of domestic production and goods of foreign origin. The domestic goods, which form the basis of Soviet export, include industrial products and agricultural products purveyed for export by soviet industrial, trade organizations and other enterprises. This classification includes goods of foreign origin imported into the USSR for processing, but with the stipulation that the value of their processing is equal to or higher than the purchase prices of these goods. Goods of foreign origin include finished products, raw materials and fabrics, food and other goods purchased abroad for delivery to third countries to fulfill USSR's obligations, i.e. for re-export.

Re-export of foreign goods occupies an insignificant part among Soviet exports, but it is carried out in a systematic manner. Such operations take place, for the most part, in the exchange of goods with socialist countries.

Two types of re-exports are to be found in Soviet foreign trade, namely:

1. Export of goods of foreign origin, imported into the USSR. These consist of goods imported into the country and later exported abroad without any additional processing, and also goods subjected to processing, with the stipulation that the cost of the latter should not reach the level of their purchase price. Goods designated for re-export are brought into the USSR only if their transit through USSR territory is more economical than transport through foreign countries, or if they need supplementary export processing, or if they have to be processed by domestic enterprises.

2. Export of goods from certain countries into others, but of goods which have become the property of the USSR abroad. These are goods of foreign origin purchased by Soviet foreign trade organizations and sent directly from the countries of sale to the countries of purchase.

The sale of export goods takes place both before export and abroad after export. In conformance with this fact there is a distinction between export of goods already sold and of those unsold. The goods sold before being exported are industrial products and agricultural products already contracted for by the purchasers abroad. The predominant majority of export goods are sent abroad after being sold. Export of unsold goods occupies a relatively small fraction of the total exports. However, the division of export into sold and unsold goods is of great practical importance. This division promotes the execution of export operations. In the export of goods already contracted for and sold the lapse of time between sale and actual export of goods is not observed. Because of this the tasks of the exporting organization are substantially simplified; when payment is received and accounts drawn up the transaction is completed. It is quite different with the export of unsold goods, where the main task of the export organization is to find a buyer for the goods, and the sale of goods.

The export of unsold goods is associated with the condition of the export activity. Unsold goods are exported abroad, as follows: to the consignment warehouses for sale through consignees; to show-rooms for demonstration and sale; to either owned or leased warehouses of the foreign trade organizations for direct sale to buyers.

Delivery of bunker fuel at Soviet ports, food and supplies to foreign vessels, the export of goods to

all kinds of model expositions if later sold, and deliveries of raw materials to foreign governments for processing belong to the class of exports on the basis of concluded transactions. Export of raw materials for processing has become widespread mainly in the economic exchange with socialist countries. A special feature of this type of export is the fact that it is compensated by the import of finished products, or semi-manufactured goods prepared from the raw material supplied.

Import goods are grouped according to whether they are for consumption within the national economy of the USSR or for re-export. To the first group belong those goods which are purchased abroad on orders from the Soviet economic organizations and are delivered to them after their arrival; to the second group those goods that are designated for export to third countries. The first group contains the following independent sub-groups: goods bought to supply Soviet organizations abroad (for supplying fishing fleets, etc.); finished products or semi-manufactured goods delivered from abroad as a result of the processing of raw materials shipped there previously; goods bought and temporarily admitted into the USSR for exhibition purposes; bunker fuel, food and supplies, bought by Soviet vessels in foreign ports.

Commercial export and import of the USSR is also distributed according to the different types of deliveries and different forms of payment. In the Soviet foreign trade of the postwar period the more important role is played by goods delivered on the basis of trade and credit agreements, the sale and purchase of goods for freely convertible currency. Along with this there are also deliveries of goods based on compensation transactions, barter and other types of transactions.

Among imports to the USSR there are goods from Austria in payment of property turned over to it according to the Treaty of 12 July 1955.

The USSR exports and imports a considerable volume of goods that are excluded from the turnover of goods; the most important statutes of this type of import and export are:

Export of goods being delivered on the basis of agreements to render free aid to foreign governments;

Export of goods as instalments of the USSR to the United Nations technical aid fund.

Export of goods as free aid to populations of foreign countries suffering from the effects of natural disasters;

Temporary export of domestic goods abroad for exhibits and fairs and the return of the unsold portion of the goods.

Temporary export abroad of circulating packaging, containers, means of transportation, and their return from abroad;

Import into the USSR of temporarily admitted foreign goods for exhibits and the export of the unsold portion;

Import of temporarily admitted means of transport into the USSR, containers and circulating packaging, and their eventual export abroad.

Export and import of goods used as trade samples and models;

Temporary export and import of animals for participation in races, etc;

Fish caught outside the territorial waters of the USSR;

Shipment abroad of means of transportation for repairs and their later return;

Export abroad of Soviet films for hire, and their return to the USSR;

Import from abroad of foreign films for hire and their later export;

Postal packages of consumer nature;

Personal baggage;

Direct transit of foreign goods through USSR territory;

Export and import of gold as a means of payment;

Re-importation of domestic goods, i.e. return import to the USSR from abroad of domestic goods exported earlier for sale on a commercial basis.

During the first years after the conclusion of the war against Hitler Germany and its allies, in accordance with provisions of international agreements, goods of different kind were sent to the USSR by a number of countries as reparation payments and as restitution for Soviet property carried off during the war. The volume and terms of these deliveries were established in corresponding agreements concluded between the Soviet Union and the countries making the reparations. These deliveries took place on the basis of delivery orders issued by Soviet organizations which were in charge of the reparation deliveries. The quantity and quality of goods were indicated in those orders, also the delivery deadlines, the enterprises and pur-

veyors, etc. The import of these goods delivered as reparations and for restitution had a separate account and were not included in the commodity turnover.

Method of Operational Accounting

For the purpose of studying the turnover of goods in operational accounting, special methods are employed with the aid of which it reflects the foreign trade operations. These methods, which in the aggregate form the method of operational accounting of foreign trade, reflect comprehensively and correctly the economic activities of foreign trade organizations. The methods of reflecting economic activities are adjusted to the peculiar needs of the subject of operational accounting. The nature of the methods in operational accounting is determined, first, by the characteristics of its subject and, secondly, by the problems which this type of accounting resolves.

The method of operational accounting permits the collection of foreign trade data describing every aspect of the foreign economic ties of the USSR. This data makes it possible to draw correct deductions and make broad generalizations in the interest of economic direction of foreign trade.

The method of operational accounting is based on the tenets of Marxist dialectic principles. It assures an interrelated reflection of the economic phenomena and processes in foreign trade and manifests itself in the different foreign trade organizations through supervision, in the measurement and recording of the economic operations and in the withdrawal of the accounting data beyond the limits of these organizations.

The basic elements of the methods of operational accounting of foreign trade are: documentation, evaluation, accounts and statements of accounts.

Documentation represents the method of executing foreign trade operations through documents. The process of documentation consists in the observation of the facts of economic activities, their measurement, and reflection in special written certificates-documents. Documentation ensures uninterrupted and complete reflection of foreign trade operations in operational accounting. Documentation is the first stage in accounting; it is also called primary accounting. The primary accounting data serves as a basis both for operational accounting and book-keeping in foreign trade. This

data is registered and generalized in operational accounting in order to obtain information necessary for economic direction and control of foreign trade. All entries in this type of accounting are strictly documented.

Evaluation is the method of expressing foreign trade operations in monetary form and its problem is to measure in a single monetary unit of measure all of the economic operations in foreign trade. Evaluation takes place by converting data based on natural units of measure into monetary ones with the aid of prices. Owing to the multiplicity of prices and their diversity, evaluation in foreign trade is a very complex matter. In the economic turnover with domestic purveyors of export goods and the purchasers of import goods evaluation is based on prices planned by the Socialist government, but in the case of turnover with foreign buyers of exports and-suppliers of imports-on the basis of prices agreed upon in the foreign trade transactions. Inasmuch as the prices in the transactions are fixed on different bases, special methods of evaluation in operational accounting are employed and developed to obtain a single basic unit of evaluation.

One of the special features of evaluation in operational accounting is the use of group evaluation of export and import operations. While in book-keeping each separate operation is expressed in natural and monetary terms at the same time, in operational accounting the single operations are, as a rule, accounted only in natural units of measurement, but groups of homogeneous foreign trade operations are evaluated with the observation of the following condition, that everything is reduced to a single standard unit. In this aspect of accounting monetary evaluation is for the most part not reflected at all in the accounting registers but only in the statements of accounts forms, inasmuch as the evaluation of goods takes place when the established statements of accounts are drawn up. The method of group evaluation of foreign trade operations considerably simplifies the accounting and saves a good deal of labor connected with the evaluation and registration of these operations.

Accounts are the method of reflecting and grouping the objectives of operational accounting. The use of accounts in operational accounting permits the grouping of foreign trade operations according to their economic similarities and to give them mathematical expression. The heterogeneous data on factors of economic

activity as recorded in the documents are combined through accounts into homogeneous totals that describe the more important aspects of the economic activities of foreign trade organizations. Detailed information is here given for each foreign trade operation. At the same time the sum totals are given of all the operations in homogeneous summaries.

Statements of accounts form the method of processing the data of current accounts and of obtaining over-all information describing the different aspects of foreign trade economic activities. Statements of accounts play an important role in operational accounting and its significance becomes even greater from the fact that many indices of the economic activity of the foreign trade organizations reflected in operational accounting are summarized only during the compilation of statements of accounts. Because of this it becomes possible to eliminate synthetic accounts. Information from the statements is compiled from data obtained from accounts by subjecting them to appropriate processing, grouping and summation. Data from statements of accounts of the separate foreign trade organizations is summarized and in this manner total indices are obtained that cover the entire foreign trade of the USSR.

After this brief examination of the methods of operational accounting in foreign trade we can give a general definition of its method. Method of operational accounting consists in a reasonably rapid perception, systematic registration, evaluation and economic grouping of foreign trade operations for the purpose of obtaining data necessary for the current control of the economic processes occurring in foreign trade and for effective influence on these processes directly in the course of their execution.

All the component methods of operational accounting are closely related, they form a single entity, the unity of method of this type of accounting is conditioned by its subject. Operational accounting reflects and controls the exchange of goods between the USSR and foreign governments, which is accomplished on the basis of a single national plan for export and import of goods. The fulfillment of the national plan is a unified process in which the functions of the direct accomplishment of planned assignments is distributed among the different foreign trade organizations. Operational accounting is concentrated in these organizations; it reflects and controls the fulfillment of the planned

assignments of each of the foreign trade organizations. Under these conditions aggregate indices of the fulfillment of the national export import plan can be obtained only by processing and summation of the accounting data of all the foreign trade organizations. Hence the necessity of using the method of summarizing all the current accounting data in operational statements of accounts. But a summary of the data of current accounting is impossible without correct, economically based, grouping of foreign trade operations, accomplished with the aid of calculation of operational accounting; the latter is therefore closely associated with operational statements of accounts. However, in order to obtain reliable data objectively describing the course of fulfillment of the national plan there is need for accounting based on documentation and correct evaluation, without which it is impossible to compile a statement of accounts correctly reflecting the economic activities of foreign trade organizations. Hence the necessity for applying methods of documentation and evaluation in operational accounting.

The methods of operational accounting and book-keeping are characterized by the general nature of their basic principles. This generalized nature is determined by the existing direct interrelation that exists between them. The elements of the method of operational accounting coincide with the basic elements of book-keeping even in the terminology used for them. This, however, does not mean that their content is identical. On the contrary, even if they have common basic principles, there are important differences between them. The elements of the method of operational accounting, though coinciding in many respects with the elements of the method of book-keeping, at the same time have specific features and peculiarities which are inherent only in this type of accounting. Thus, for example, documentation is a common element of both operational accounting and book-keeping.

In operational accounting as well as in book-keeping the documentary substantiation of entries is absolutely essential. Not a single entry in operational accounting is made in the absence of documentary substantiation. But by "document" in operational accounting something much broader is meant than in book-keeping. In operational accounting different kinds of urgent reports are widely used. These reports, which are called "representative documents" are unquestion-

ably documentary by their nature, and are delivered to the accounting unit in the shortest time possible. They serve above all for the operational direction of economic activity, of which they are a product.

In addition, in operational accounting such documents as the following are used for registration: contracts, delivery orders, import commissions, orders and request, instructions to ports and border stations, etc. These documents serve as a basis for entries in operational accounting whereas in book-keeping they are not used for this purpose.

Evaluation is the same in book-keeping and operational accounting. However, the approach to the evaluation and the objectives in these two types of accounting are different. In operational accounting the evaluation of goods is based on prices re-computed to a single basis FOB port or free on border seller's country. This method of evaluation is of extreme importance for the study of USSR foreign trade. Due to this method data of operational accounting becomes comparable for the period under study, and suitable for the conduct of a scientific analysis.

In book-keeping the monetary evaluation of export-import goods is based on prices stated in the invoices, i.e. prices that do not have the same basis. Evaluation of goods according to these prices serves the purpose of controlling the payment interrelationships in foreign trade arising from exchange of goods. However, the data obtained from such an evaluation are not quite suitable for studying foreign trade.

Grouping of foreign trade operations both in operational accounting and in book-keeping is based on the accounts. But the structure of the accounts and the methods of entries in the two are radically different. In operational accounting accounts are used that have a one-sided structure. Recording of the facts of economic activity takes place in these accounts through simple entries. But book-keeping has a double form related one to the other by the principle of double entry. It is also necessary to note that operational accounting, as a rule, concerns itself with analytical accounts whereas book-keeping along with analytical accounts also concerns itself with synthetic accounts which have a special significance. As is evident, the aims in operational accounting and book-keeping are the same, but they are reached in different ways.

Some people are confused by the name "grouping" in operational accounting. They suppose that accounts

belong exclusively to book-keeping; and that for this reason "grouping" in operational accounting should have another term.

This is a profound mistake. Book-keeping does have as its characteristic the method of double entry, but accounts is not its exclusive possession. In the choice of a term for a method of accounting one should be guided only by the nature of the process that belong to it. The process of obtaining data from the objects of operational accounting is connected with the account, and so the term "account" is the most suitable for it, because it reflects its function.

The fact that the terms of the individual elements of operational accounting and book-keeping coincide is no cause for confusion. In addition to the method designated "accounts" other elements too, of the methods of these two types of accounting are similar, namely, documentation, evaluation and statement of accounts. It is important to know and to remember that terms contain a different meaning.

CHAPTER TWO

DOCUMENTATION OF FOREIGN TRADE OPERATIONS AND METHODS OF THEIR SUMMARIZATION

The Process of Documentation

The economic activity of foreign trade organizations is reflected in operational accounting on the basis of data contained in primary accounting, i.e. documentation. The process of documentation is continuous, along with the occurrence of foreign trade operations. The essence of this process is the observation, measurement and recording of foreign trade operations. Such recording is in special written form -- documents whose data is used for operational accounting entries. Documentation represents the first stage of accounting, its initial stage. As a rule, documents are drawn up where the foreign trade operations are carried out.

Documentation is of great importance in the economic activity of export-import agencies. The course of economic affairs of the foreign trade agencies is reflected in the documents. Therefore they use those documents as a means of guidance and verification of the fulfillment of assigned plans. Shortcomings in foreign trade operations are revealed and measures for elimination of those shortcomings are worked out on the basis of data contained in the documents. Where the turnover of documents is properly organized, documentation introduces discipline and an adherence to plans into the work of foreign trade organizations. Data of documents (primary accounting) is summarized in operational accounting and bookkeeping of foreign trade. The results of those two forms of accounting are widely used in foreign trade statistics. Thus, accounting documents, reflecting foreign trade operations, serve as a foundation for the establishment of the entire system of accounting in foreign trade.

Classification of documents.

Documents, which serve as a basis for entries in

operational accounting in foreign trade are quite varied in form, which considerably complicates their use. Because of this it is useful to classify them in a definite manner. Classification of documents facilitates comprehension of the distinguishing peculiarities of individual forms of documents and helps to establish a more correct method for their use. Documents used in operational accounting may be classified by their purpose, place of origin, volume of content and utilization methods.

According to their purpose, documents are divided into administrative and executive, and documents of official registration in accounting. Administrative documents contain a directive or an obligation to carry out some economic operation. Instructions from management personnel to those immediately responsible for the execution of operational tasks are transmitted by means of administrative documents.

Administrative documents are: orders and directives of the Ministry of Foreign Trade pertaining to import and export of goods, foreign trade transactions, delivery orders for goods for export, import assignments, export and import permits, import warrants, etc.

Executive documents or vouchers are those documents which contain data on foreign trade operations which have transpired. Executive documents reflect completed economic foreign trade operations and at the same time verify the fulfillment of orders. Executive documents include transportation (shipping) documents, commodity, and other documents, specifically: receipts of railroad way bills, bills of lading, specifications, acceptance and release certificates, bills of the Soviet suppliers of export goods and the bills of foreign suppliers of import goods, export and import notifications, bills of the foreign trade agencies against foreign purchasers of export goods and against the Soviet consignees of import goods, telegraphic notifications regarding the shipment of export and import goods, notifications regarding the delivery of imported commodities to the national economy, etc. The compilation of executive documents is the beginning of the accounting of foreign trade operations, its first stage.

In a number of cases, a single document may contain both the directive and data concerning its execution. Among such documents are, for instance, travel vouchers used in transportation by truck of cargo consigned for foreign trade; they contain instructions to the driver to deliver the goods to a certain point to

a certain point to a certain consignee. The receipt of the consignee can be regarded also as such a document. Documents similar to the travel voucher are also called combined documents.

Accounting documents do not directly reflect any one economic operation! They are drawn up at the accounting unit itself for the technical realization of operations reflected in primary documents. These documents serve as a means of making less difficult, shorter, and more orderly the entries in the accounting registers. Grouping certificates represent such a document with no other purpose except that of accounting. Accounting documents may be regarded also as accounting registers -- owing to the specific role which they perform. However, bearing in mind the simplest processing of the data of economic operations for them, it is more correct to regard them as documents.

According to the place of origin, documents are divided into external and internal. The external documents originate outside of any given foreign trade organization, and characterize the economic inter-relationship between that organization and other enterprises, organizations, and institutions. These documents usually arrive at the foreign trade organizations in connection with some external economic operations. For instance, a foreign supplier sends a bill in connection with the shipment of import goods and attaches a specification and a bill of lading, or, possibly, receipts from the railroad bill of lading; when export goods are sent from a Soviet port by boat, a bill of lading is received; when Soviet export goods are shipped for export, a Soviet supplier forwards an invoice with the specification, railroad bill of lading and a receipt of the railroad way bill, etc. External documents play a big role in operational accounting; they include to a major portion of all the foreign trade documents. The assurance of a normal influx of external documents, and of their timely arrival at the foreign trade agencies, has a decisive significance in the proper organization of operational accounting in foreign trade.

Internal documents are compiled within the organizations of foreign trade and reflect their economic operations. Economic operations, reflected in the primary documents are registered through internal documents. Bills and specifications pertaining to exported goods, and drawn up on the basis of shipping documents, are considered as internal documents.

According to the volume of content, documents are divided into single and composite. Single (primary, plain) are documents which reflect, individually a single economic operation only. These documents are compiled at the time the economic operation is being executed. They serve as the first formal certificates to the effect that the given operations have actually been carried out. Those documents are: railroad bills of lading, bills of lading, acceptance-release certificates and others.

Several primary (single) documents are combined into a composite document. They contain data about operations already registered by the primary documents. They are, e.g. the invoice if it includes shipment via two or more railroad bills of lading. The significance of composite documents lies in the fact that, by combining and unifying the data of primary documents, it is possible to obtain expanded indices, thereby leading to a considerable simplification of accounting. It must be also noted that the data of primary documents is arranged in proper sequence in the composite documents, which simplifies accounting entries and makes them considerably shorter.

According to utilization methods, documents are divided into single transaction and cumulative documents. Single transaction documents reflect one or several economic operations entered on it simultaneously. A great number of documents used in foreign trade organizations fall into this category. They include for instance, invoices, bills of lading, railroad bills of lading, acceptance-release certificates, specifications, etc. These documents are sent to accounting organs immediately after being compiled. A peculiarity of single transaction documents lies in the fact that they may be utilized in accounting for the immediate recording of economic operations reflected in them.

Cumulative documents serve for the recording of homogeneous recurrent foreign trade operations in the course of a certain time-span. Data entered in these documents is reflected in accounting in the form of a general summation. This summation is made at the end of an established period of time after the last operation had been entered into the document. The grouping certificate may serve as an example of a cumulative document. The use of cumulative documents considerably curtails the number of entries in accounting unit. Consequently, cu-

mulative documents represent one of the means for rationalization of accounting work. However, cumulative documents can be used only in those cases when the conditions of work do not require an immediate reflection of given economic operations in accounting, because their use presupposes a certain lapse of time between the time of completion of an operation and the time of its reflection in the accounts.

In classifying documents, it is impossible to overlook the fact that a single document may fulfill a number of different functions. For instance, a grouping register of the shipment of goods serves the purpose of an accounting document, according to its place of origin it is an internal document, according to the volume of content a composite document, and according to utilization methods cumulative.

Documents Used in Operational Accounting.

The basis of operational accounting of foreign trade are foreign trade transactions, shipping, freight, and other documents. A list of the principal documents used in this form of accounting, is given below.

Contracts of All-Union agencies with foreign contractors regarding the sale of export goods and the purchase of import goods.

Delivery orders of All-Union agencies to Soviet industrial, trade, purveying and other enterprises for the delivery of goods for export.

Import requests (notices) by domestic customers for the import into the USSR, and for delivery to them, of goods of foreign origin.

Shipping documents: receipts of railroad bills of lading and baggage receipts -- in instances of transportation by rail; acceptance-release certificates -- in cases of transportation by truck; bills of lading for water shipments; inland waterway-bills of lading in shipments by river; air freight invoices -- when shipment is made by air; postal receipts -- in mail shipments.

Cargo documents: bills, specifications, and invoices arriving at All-Union agencies from Soviet purveyors of export goods and from foreign suppliers of import goods, as well as those compiled by the agencies themselves against foreign buyers of export goods and against Soviet consignees of import goods; acceptance-release certificates, compiled at the ports and border points of the USSR; export and import notifications by

transportation-dispatch bureaus of the Ministry of Transportation regarding the transit of commodities across the state border of the USSR; notifications from ports regarding the arrival of ships with import goods and regarding the dispatch of these goods to Soviet customers; the general certificates regarding unloaded import commodities; commercial certificates; grouping registers of commodities shipped.

The orders and directives of the Ministry of Foreign Trade concerning the export and import of goods, export and import requests (commodity export and import permits), warrants to ports and border points for the dispatch of goods, vouchers for export funds, notifications of the issuance of letters of credit, and others.

It is known that, timely receipt of documents by the accounting unit has great importance in the fulfillment of the task of accounting. The faster the documents are delivered to the accounting points, the sooner can they be processed and, consequently, the sooner the necessary data for economic management and control may be obtained. The basic task of operational accounting is the supplying of data regarding the fulfillment of the national export and import plan within the shortest possible time after the realization of foreign trade operations this task may be resolved successfully only with the timely registration and summation of indices of the economic activity of foreign trade organizations as reflected in the documents. This task is successfully resolved with the aid of "substitute documents", temporarily replacing the original documents. The essential information from one or several primary documents is extracted for the compilation of "substitute documents". As the compilation of the above mentioned data involves more than one primary document, this method of documentation is also called primary accounting. From individual documents the most important information, urgently needed for economic management, is usually selected. The forwarding of brief data is accomplished with the aid of the fastest means of communication available -- telegraph, teletype, air mail. This method of forwarding notifications assures prompt delivery of the necessary information on economic operations to the unit concerned with operational accounting. The number of indices and the method of forwarding such brief information is established in advance and strictly regulated.

Notifications which are received at the All-Union agencies are used in the operational accounting of foreign trade for the purpose of making entries; these notifications are compiled according to forms of intra departmental and nation wide statements of accounts. The forms and tables of nation wide statements of accounts are established by the Central Statistical Bureau with the Council of Ministers USSR, while those pertaining to intra-departmental statements of accounts are established by the Ministry of Foreign Trade. The main purpose of the statements of accounts the above mentioned forms, is the servicing of operational needs of foreign trade organizations, by providing them with urgent information regarding economic operations executed in foreign trade. At the present time the following forms of nation wide and intra departmental statements of accounts, used for making entries in operational accounting of the commodity turnover, are in existence.

All-Union agencies receive notifications regarding the shipment of goods for export on form No. 31, which is included in the table of nation wide statements of accounts. These notifications are submitted by Soviet industrial trade and other enterprises by telegraph on the second day after the goods have been shipped. They refer to the number of the delivery order on the basis of which the goods were shipped; it also notes the commodity title, the date of its dispatch, the number of the railroad waybill, the name of the station of destination, and the volume of goods in a specific unit of measurement; as well as the weight of the goods in tons. On the basis of these notifications All-Union agencies advise foreign buyers of the shipment of these pre-sold goods. On the basis of notifications on form number 31, the accounting of the fulfillment of the delivery orders and of the realization of funds for export goods is conducted in operational accounting. At the same time the fulfillment of plans for the delivery of goods for export is controlled on the basis of data contained in the notifications.

The All-Union agencies receive a multitude of notifications in the area of intra-departmental statements of accounts, the data of these notifications characterizes various aspects of their economic activity. An enumeration of these notifications with an elaboration of their content and purpose is offered below.

Notifications on form number 1 -- regarding the signing of a contract concerning advance sale of export goods. Such notifications are submitted by telegraph by Soviet representatives abroad, in cases where they are conducting export transactions by order of All-Union agencies. Notifications are compiled on the basis of contracts and are forwarded on the second day after the signing. They contain the following: date and number of the contract; designation of the buyer; the title of the goods; quantity sold in advance - given in specific units of measurement; the sum and delivery deadlines. On the basis of these notifications the All-Union agencies -- in applicable cases -- issue delivery orders to domestic suppliers of export goods and undertake other measures for the fulfillment of the contracts. Notifications on form number 1 are used in operational accounting for entries in registers of export contract accounting. Supervision over the sales of export goods is conducted by utilizing the data of those records.

Notification on form number 3 -- regarding the shipment of export goods by water transportation -- are sent by telegraph by the bureaus and sections of the All-Union Sovfrakht agency and the sections of the All-Union Avtovneshtrans agency from Soviet ports on the day following the sailing of a vessel for a foreign port. Notifications compiled on the basis of bills of lading and ocean bills of lading contain answers to the following questions: date of shipment; name of the vessel on which the goods were dispatched; port of destination; title of the goods; the number of the bill of lading or of the ocean bill of lading; and the volume of goods in specific units of measurement. On the basis of notifications on form number 3 the operational bureaus of All-Union agencies notify the buyers of the time when the goods had been sent in fulfillment on the part of the All-Union agencies of obligations stemming from export transactions. In operational accounting the data contained in those notifications is used for registration and control of the fulfillment of commodity export plans, trade agreements and of export transactions. The accounting of exports in terms of commodity distribution and in terms of distribution by countries and commodities is also conducted on the basis of data of these notifications.

Notifications on form number 4 -- regarding the crossing of the Soviet state border by export goods arrive from land border points of the USSR and are trans-

mitted by telegraph one day after the goods have been released across the boundaries of the country. These notifications are compiled on the basis of export notifications by the transportation-dispatch bureaus of the Ministry of Transportation and on the basis of acceptance-release certificates of the sections and bases of the Avtovneshttrans agency. The following is indicated in notifications on form number 4: the date on which the goods crossed the border; the dispatching station; country of destination; the number of the railroad way bill; the title of the goods; and the weight of the goods in gross tons. On the basis of these notifications the operational bureaus of the All-Union agencies verify the fulfillment of obligations on export agreements and notify the buyers of the delivery of goods. In operational accounting, notifications are used for entries in contract accounting. On the basis of data of those notifications the fulfillment of export plans of trade agreements and of export transactions is controlled. The same data is used in export accounting in terms of goods, as well as in distribution by countries and by goods.

Notification on form number 5 concerns orders issued for industrial equipment, raw materials, and other goods. Such notifications are sent by telegraph by Soviet representatives abroad on the second day after the signing of the contract in cases when they are conducting import transactions by order of All-Union agencies. Notifications compiled on the basis of contracts contain: date and number of the order; designation of the seller; title of the goods; the volume of goods ordered, in specific units of measurement; the sum, and the dates of delivery. On the basis of these notifications, the All-Union agencies notify Soviet customers of import goods regarding the issuance of orders. Notifications are used in operational accounting for entries in the registers of import contract accounting. The purchase of import goods is supervised on the basis of data of such accounting.

Notification on form number 6 -- regarding the acceptance industrial equipment, raw materials, and other goods from foreign suppliers is made by telegraph by Soviet representatives abroad one day after the signing of the acceptance certificate. The notification is completed on the basis of inspection reports or commodity acceptance certificates, which are compiled by the cargo checkers representing Soviet customers. They

contain: the date of acceptance of the equipment (or other commodities); order number; the number of the transportation request; title of the commodity; the quantity of goods received, given in specific units of measurement; and the gross weight of the commodity. On the basis of these notifications, the All-Union agencies initiate measures to deliver to the USSR the accepted commodities. Entries in contract accounting registers are made on the basis of this data in operational accounting.

Notifications on form number 7 and 8 concern the shipment of imported commodities to the USSR. Notifications made on these forms by representatives abroad advise: the date of shipment; the name of the vessel and its port of destination (in cases of water shipments), or the number of the box car (in shipments by land); the number of the bill of lading (shipments by water) or the number of the railroad car (in shipments by land); the order number; number of the transportation request; the title of the commodity; the quantity of goods forwarded in specific units of measurement. Notifications are compiled on the basis of data in bills of lading and in railroad way-bills and are sent out by telegraph on the second day after the sailing of the vessel (in cases of shipment by water), or after the commodity crosses the state border of the selling country (in shipments by land). Notifications by form number 8 on overland shipments are sent out only by representatives in countries with which the USSR does not have a common border. On the basis of notifications by forms number 7 and 8, the All-Union agencies compile and dispatch to ports and border points instructions for the acceptance and trans-shipment of import cargoes to the Soviet consignees. In operational entries are made in contract accounting registers on the basis of the above mentioned notifications. On the basis of that very same data, the fulfillment of obligations according to international trade agreements and import transactions is controlled.

Notifications by form number 9 regarding the crossing of the Soviet border by import commodities, are submitted by the border points of the USSR on the day following the crossing of the border by such commodities. These notifications are completed on the basis of import notices by the transportation-dispatch bureaus of the Ministry of Transportation, and on the basis of documents of the Avtovneshtans sections and bases. Notifications by form number 9 contain: data pertaining to the transit of the commodity across the border; the

number of the railroad car; the number of the order; the title of the commodity; and the gross weight. On the basis of data regarding the crossing of the border by commodities, control is exercised in operational accounting, over the fulfillment of commodity import plans, as well as over the fulfillment of obligations of import transactions and trade agreements with countries with which the USSR has a common border. The same data is used to conduct accounting of the import of commodities into the USSR in terms of commodity, as well as in terms of countries and commodities.

Notification by form number 10 -- pertaining to the shipment of import commodities to the addresses of Soviet consignees from ports and border points of the USSR -- are transmitted by telegraph on the second day after the dispatch of goods, or after their delivery on the spot. These notifications contain: the date of shipment; the name of the vessel which delivered the commodity; the bill of lading number, under which the commodity arrived (or the number of the railroad car in which the commodity arrived); the number of the railroad voucher under which the commodity was dispatched; the number of the order; title of the commodity; the station of destination; the designation of the cargo consignee; the quantity of the commodity shipped in specific units of measurement. The operational bureaus of the All-Union agencies these notifications serve as means for supervising the execution of instructions by the ports and border points. Notifications by form number 10 are also used for registration, in operational accounting, of the delivery of goods to Soviet customers. On the basis of the data of those notifications the fulfillment of delivery plans of import commodities to the national economy and the obligations pertaining to import requests are controlled.

The above does not exhaust all the information which arrives at the foreign trade organizations along the channels of national and intra-departmental statistical statements of accounts. Only that part of such information is reflected here which is used in operational accounting of the turnover of commodities of the USSR.

Inasmuch as the possibility, that telegraphic notifications may contain inaccuracies due to distortion in the process of transmission, is not excluded, the organization of accounting work of a nature, which would make it possible to detect and eliminate these errors, is necessary. The existing organization of work in

operational accounting of foreign trade takes into consideration a subsequent verification of entries made on the basis of telegraphic notifications, on the basis of primary documents as they are received at All-Union agencies. As a result of this, data on foreign trade operations - reflected in operational accounting - agrees precisely with data contained in the documents.

The Concept of Document Turnover.

A well established turnover of documents plays an important role in the proper realization of operational accounting tasks. A plan of document turnover is promulgated in operational accounting with the aim of securing a normal flow of documents; a plan in which a definite order of executing foreign trade operations through documents is determined in advance, the deadlines for their compilation are set and the channels for their transmission from the point of origin to the point of repository are established.

Accounting work cannot progress successfully if a regular influx of documents is not properly established, documents which serve as the basis for entries, and if definite deadlines for the processing of each document have not been defined. Many of the difficulties of accounting work are eliminated with the existence of a properly established document turnover, while this work itself proceeds in a smoother manner.

The turnover of documents is attributed a prominent place in the organization of operational accounting, and special attention is devoted to external documents, which occupy a basic position in operational accounting. A regular influx of external documents, and their arrival within established deadlines and in specified order is of decisive importance for the proper course of accounting work by foreign trade organizations. It is necessary to bear in mind, that they arrive at All-Union agencies from a great number of different points. Hundreds of plants, organizations, institutions, and persons participate in the provision of foreign-trade organizations with these documents. The work of those participants must be precisely organized with regard to the dispatch of documents on time. Otherwise a disruption of the regular influx becomes as unavoidable as the consequent breakdowns in the accounting work. Therefore, it is mandatory to exercise systematic supervision and control over the receipt

of documents at foreign-trade organizations, and to secure their regular influx. But such work can be carried out successfully only if an obligatory order of the processing of documents and the transmission of documents pertaining to foreign trade operations exists. The establishment of such an order introduces precision into the processing of documents, speeds up their transmission, and increases the responsibility of organizations and persons who are concerned with documents.

As there are hundreds and even thousands of various documents in the daily turnover of documents at foreign-trade organizations, a rationally established document turnover system plays a very important role. The basic position in the document turnover plan is occupied by the order and sequence of document processing and the channels for their transmission. Each unnecessary point in the course of movement of documents represents a hindrance to the normal flow of accounting work and must, therefore, be eliminated. This plan establishes strictly defined deadlines for the movement of the documents through each point; it also names the organizations and persons responsible for the execution of the established order, and the fulfillment of processing deadlines and of movement of documents from the point of their origin to the point of their repository. The economic planning section of an All-Union agency works out a document turnover plan and supervises the strict adherence to it.

Reflecting the peculiarities of work in the field of foreign trade, the document turnover plan of an export-import agency consists of two sections. The first section is devoted to external documents and the second to internal documents. In the first section of the document turnover plan, documents pertaining to external trade operations are listed, as well as the deadlines and the methods for their dispatch to All-Union agencies and the designations of organizations whose responsibility it is to submit the documents. The plan also points out the means which secure the inflow of documents from Soviet institutions and from foreign contractors. The regularity and deadlines for the submission of an important portion of the external documents used in operational accounting is regulated by the national and intra-departmental statistical statements of accounts.

The receipt of the other portion of these documents is secured through a system of economic relation-

ships among foreign trade organizations on the basis of existing agreements. Domestic enterprises, which supply export commodities as well as receive them, assume obligations to submit to All-Union agencies transportations and freight documents on dates co-ordinated with the All-Union agencies. Conditions concerning the timely submission of documents is stipulated by All-Union agencies in the export and import transactions.

However, it is insufficient to organize only the influx of documents. It is equally important to organize properly the movement of those documents within the foreign trade organizations. This task is resolved in the second section of the document turnover plan, in which the sequence and the deadlines for the processing of internal documents are determined and the channels of their movement, as well as the order and the deadlines of the movement of external documents within the All-Union agencies, are established. The whole course of the movement of documents from the time of their receipt at All-Union agencies, or from the time of their compilation on the spot, to the time of their delivery to the repository is reflected in that section of the plan.

The plan points out: structural subdivisions and persons receiving the documents; individuals, operations and documents; and stipulates the amount of processing time; to whom and in what sequence documents are transmitted for further use. Documents, which are executed within the All-Union agencies, are compiled in the necessary number of copies and are handed over to the proper structural subdivisions immediately after they have been compiled. Consequently, they may be utilized in the various structural subdivisions simultaneously which is of great importance in the work of foreign trade organizations.

External documents are a different matter. These documents are received by All-Union export-import agencies for the most part in only one copy. This makes their processing more difficult. It becomes necessary to establish a sequence for their use in various structural subdivisions of foreign trade organizations. With the aim of overcoming the difficulties, arising due to the impossibility of simultaneous processing of external documents in various structural subdivisions, a majority of export-import agencies have established a routine for the acquisition of copies from them. Such copies are made from documents, on the basis

of which decisions of an operational character are usually made (e.g. telegraphic notifications about the shipment of commodities). These copies are simultaneously forwarded to all interested subdivisions where they are used according to their designation. The use of more copies is conducive to the improvement of economic work within the foreign-trade organizations.

The Accounts in Operational Accounting.

Data which throws light on the various aspects of economic processes in foreign trade is necessary for the direction and control of these processes. Data, capable of illuminating every aspect of export and import activities of the USSR, are obtained in operational accounting by grouping foreign trade operations into homogeneous entities, characterizing separate stages of the economic processes. Such grouping is conducted with the aid of accounts of operational accounting. These accounts represent, primarily, a method of reflecting and grouping qualitatively homogeneous economic operations taking place in foreign trade; also, it is a method of organizing constant control over the course of realization of foreign trade operations. Accounts in operational accounting are established in such a manner that each of them reflects a group of foreign trade operations in terms of natural or monetary units of measurement.

The structure of accounts in operational accounting differs substantially from bookkeeping accounts. The movement of economic resources and of their sources is shown in bookkeeping in the form of increases and decreases. Every operation, in this form of accounting, is simultaneously reflected in two accounts -- in one it increases the volume of operations, in the other it decreases it. In accordance with this, the accounts of the bookkeeping form of accounting consist of two parts. A table of a bookkeeping account is divided in two parts -- the left ("debit") and the right ("credit"). Accounts in the field of economics reflect on the left side the increases in operations and on the right side -- decreases in those operations.

Accounts of operational accounting do not have this division. They reflect only increases in the volume of economic operations. Each new operation increases the sum result of preceding operations recorded in a given account. Thus, operational accounting reflects a constant increase in foreign trade operations as they take place.

Accounts of operational accounting are presented in the form of a table, having a necessary number of columns to reflect indices which characterize the corresponding objects of accounting. The simplest form has two columns, one of which is reserved for entries of dates on which an economic operation had taken place, the other is used to reflect the volume of the operation in natural or monetary units of measure. Schematically, such a table may be depicted in the following form:

Account	(designation of the accounting subject)
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Date of the operation	Quantity or Cost
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Accounts of operational accounting are conducted without notations from the text, i.e. the content of the economic operations. Texts in operational accounting are replaced by the designation of the account, which briefly characterizes the content of the accounting subject. This method of accounting entries, when combined with the one sided form of accounts and with the absence of dual entries permits to establish in operational accounting a system of account records encompassing entire economic processes. Each such system includes accounts characterizing some economic process from its beginning to its end. Foreign trade operational accounting uses two systems of accounts, one of which serves to reflect economic operations in the field of exports, the other -- in imports.

The account systems play an important role in operational accounting. Owing to those systems an interconnected reflection of foreign trade operations is secured in operational accounting. The account systems make it possible to include all the aspects of economic processes occurring in foreign trade. At the same time they permit the acquisition of the necessary data pertaining to each individual foreign trade operation.

Accounts within the system of accounts in operational accounting are distributed in sequence, in which the processes of economic operations -- which are reflected in the accounts have occurred. Thus, the account, "Commodities which have arrived at ports and at border points," is placed following the account "Commo-

dities delivered for export" within the system of accounts in which the process of export is recorded. Thus "Export of commodities" appears following the account, "Commodities which have arrived at ports and border points" etc. Each account has its strictly established place within the system of accounts. Due to this it becomes possible to survey the data in the account without difficulty and to obtain information about the development of foreign trade operations, and the state of their fulfillment, at any given time; to trace each shipment of goods through the process of movement from the domestic deliverer up to the time of its delivery to the buyer. The system of accounts facilitates the utilization of data in operational accounting for the purpose of direction and control of economic activity in foreign trade. This data helps the management, as well as those concerned with immediate practical execution of prescribed foreign trade operations. With the aid of data reflected in the system of accounts, the management, and those who carry out its decisions, reveal violations and disruptions in the course of foreign trade operations and initiate measures for their elimination.

For better visualization, let us examine the system of accounts employed in operational accounting to reflect the export process. This system is expressed in the contract registers, and includes eleven accounts. Schematically depicted it appears as follows:

1	Advance Sales
2	Delivery Orders
3	Commodities Delivered for Export
4	Settlement of Accounts with Domestic Suppliers
5	Commodities Which have Arrived at Ports and Border Points
6	Commodities En Route to Ports and Border Points
7	Export of Commodities
8	Settlement of Accounts With Foreign Buyers
9	Commodities at Ports and Border Points of the USSR
10	Sale of Commodities Abroad
11	Commodities in Warehouses and En route to Warehouses Abroad

The above system of accounts reflects the entire activity of foreign trade organizations pertaining to the export of commodities. The accounts of this system supply all the principal indices necessary to those who manage and direct export activities. They allow the control of each separate export operation, as well as of the entire range of operations; as a result of the conduct of these, the export process is completed.

The first two accounts ("advance sales" and "delivery") in this system of accounts are used to reflect the obligations on the part of foreign trade organizations. The account "advance sales" records, with regard to the delivery of commodities, all export transactions entered upon by a given foreign trade organization with foreign buyers. This account records all data pertaining to obligations stipulated by each contract after its execution. This account registers the date on which a contract was concluded, its number, the designation of the buyer, the quantity of goods to be sold, and the breakdown by delivery deadlines, the contract price and recomputed to the FOB or free on border USSR basis (if the transaction was concluded on another basis) and the cost of the commodity in F.O.B. prices.

The "delivery orders" account serves for the accounting of delivery orders issued to domestic suppliers. For the majority of commodities delivery orders are issued after the signing of contracts. Because of this the "delivery orders" account comes after the "advance sales" account in the system of accounts in operational accounting. Entries in the "delivery orders" account are made on the basis of orders confirmed by the suppliers. The date on which the order was issued as well as its number are registered in this account, accompanied by the designation of the supplier and the quantity of the commodity, broken down into delivery deadlines.

Accounts 3, 5, 6, 7, 9, 10, and 11 are for the accounting of the movement of goods. With the aid of these accounts the movement of each individual lot of goods is controlled in operational accounting. Such control is conducted from the time of the shipment of a commodity by a Soviet supplier to the time of its delivery to the foreign buyer.

The account "commodities delivered for export" is for the purpose of supervision over the course of shipment of commodities for export. With the aid of this

account the fulfillment of the export commodity delivery plan is verified and the same is done with regard to the fulfillment of delivery orders. Entries in this account are made on the basis of notifications by domestic suppliers about the shipment of goods intended for export. On the basis of those notifications the following is entered in the account: the date on which the commodity was shipped; the number of the delivery order - in accordance with which the commodity was shipped; the number of the railroad bill of lading or other shipping document; the number of points to which the commodity was shipped; and the amount of the delivered commodity - in specific units of measurement.

The account records each lot of goods shipped, thus reflecting all of the shipments of a given commodity which have been dispatched for export at any given time. The lot of goods is individualized by a number of the shipping document, which is recorded only once and only in the account "Commodities Delivered for Export."

The number of the shipping document is not reflected in subsequent accounts which record the movement of that particular commodity lot. However, it is used in the capacity of an identification symbol subsequently inasmuch as a linear notation is carried in operational accounting. Each entry, made in subsequent accounts on the basis of that given line, pertains to the lot shipped via that shipping document, the number of which was reflected in the account "Commodities Delivered for Export".

The account "Commodities which Have Arrived at Ports and Border Points of the USSR" is used to supervise the accumulation of export goods at various outlet points of the USSR. Commodities which are shipped abroad through ports and through certain border points are usually delayed at those outlet points either while awaiting transshipment to other transportation facilities, or to await the arrival of other shipments to make a particular lot complete in accordance with a contract. Therefore, control over the timely arrival of commodities at ports and at border points has a great economic significance. Upon the receipt of notification from a port or the border point regarding the arrival of the commodity, the date of its arrival, the number of the document and the quantity are recorded in this account.

The account "Commodities En Route to Ports and Border Points of the USSR" serves to obtain data about the balance of export goods delivered by Soviet suppliers

but which have not as yet reached the outlet points. The balance of goods are considered as the difference between data in the account "Goods Delivered for Export" and the account "Goods Which Have Arrived at Ports and Border Points." The balance of goods en route is computed as the need arises, but no less frequently than once per quarter. The date for which computation was made and the amount of the commodity en route is entered in the account.

The account "Export of Goods" is used to account for the export of goods from the Soviet Union. Information contained in this account serves for the verification of the fulfillment of export plans of intergovernmental trade agreements and of contracts with foreign buyers. As commodities are shipped abroad, the following is registered in this account: the export date (the date on which the vessel carrying export goods sailed from a Soviet port, or the date on which a boxcar carrying the export commodity had crossed the border of the Soviet Union); the name of the means of transportation; the number of the shipping document; and the number of location to which the goods were shipped; the exported quantity of goods - in specific units of measurement; and the cost of the exported commodity in rubles. By using the data of this account, it is possible to obtain information about each separate lot of goods, as well as information about the commodity exported abroad during a certain period (one month, one quarter, half a year, a year).

The account "Commodities at Ports and Border points of the USSR" is used to control the balance of export goods at outlet points of the Soviet Union. Entries in this account are made periodically as the need for information about the balance of goods arises, but no less frequently than once per quarter. The following is noted in the account: the date for which the balances have been computed and the quantity of goods.

The account "Sale of Goods Abroad" serves to reflect operations with regard to the sale of export goods already shipped abroad. As the goods are sold and dispatched from warehouses, the following is registered in this account: the date of sale; the number of the document on the basis of which the entry has been made; the quantity in specific units of measurement; and the cost of the commodity sold.

The account "Goods in Storage and En Route to Warehouses Abroad" are used for supervising the balance

of export goods which have not been sold abroad and are stored in warehouses or are en route to them. The date for which the balance has been computed and the quantity of goods are recorded in this account.

In the cited system of operational accounting of exports, two accounts (4 and 8) are reserved for control over the settlement of accounts. The account "Settlement of Accounts With Domestic Suppliers" is for the supervision over timely acceptance of bills submitted by Soviet industrial, trade and other enterprises. The account shows the date of acceptance of the supplier's bill and the total amount of the bill. The account "Settlement of Accounts With Foreign Buyers" is utilized to control payments according to accounts of All-Union agencies. The account registers the payment date and the total amount of the bill.

The number of indices contained in the accounts of operational accounting may vary depending on the character and the particularities of the subjects of accounting. Accounts may contain certain indices necessary for the accounting of some subjects, indices which are not required for the accounting of other objects. Thus, for instance, accounts in which the export of equipment is recorded contain an additional index: "Numbers of Locations". This is necessary to assure the delivery of the entire set of equipment. For certain kinds of equipment (e.g. metal-cutting lathes) the following index is introduced into the account: "The Transportation Number", which points out the relationship of a given shipment with lots shipped previously.

The quantity of goods is reflected in all accounts of the discussed system of accounts, with the exception of "The Settlement of Accounts" account. The other hand, the value of goods is reflected only in three accounts namely: "Advance Sales," "Export of Commodities," and "Sale of Commodities Abroad." The value is not recorded in the remaining accounts. Information, about the volume of goods, as reflected in these accounts, is evaluated only when the statements of accounts are compiled. This method of evaluation of goods significantly simplifies and facilitates the conduct of accounting, and also curtails the labor expenditure connected with it.

Operational accounting consists almost exclusively of analytical accounts, which is necessitated by the demands of economic management of foreign trade. This

form of accounting is called upon to insure a prompt supply of information about foreign trade operations; information, which must contain detailed data characterizing the manner in which those operations are being carried out. Such information is assured by the analytic accounts in operational accounting, so that detailed characteristics of appropriate subjects of accounting are readily available. Synthesizing accounts appear in operational accounting only as an exception. On the other hand, summarization and generalization of data in analytical accounts is carried out when operational statements of accounts are compiled. This method makes it possible to avoid the following duality: the analytic accounting being carried out parallel with the synthesizing accounting.

Accounts of operational accounting are distinguished from each other by the content of their subjects. They are divided into three main groups. The first group consists of accounts in which the obligations of foreign trade organizations are accounted for. Those accounts shall be called obligational accounts. To the second group belong accounts in which the processes of internal economy are recorded. These accounts shall be called operational accounts. The third group is formed by accounts, by means of which financial settlements with the contractors of foreign trade organizations are controlled. These shall be called accounts of settlements. Let us examine in more detail the three main groups of accounts.

Economic activity in foreign trade is regulated and guided on the basis of plans for the export and import of commodities. The Ministry of Foreign Trade transmits the plan assignments to All-Union export-import agencies by means of orders, which are executed through orders and directives. Obligations of foreign trade agencies, arising on the basis of these orders, are accounted for in obligational accounts.

Economic relations of foreign trade organizations with Soviet industrial, trade, and other enterprises are executed by delivery orders and import assignments, while in the case of foreign contractors -- by export and import transactions. Obligations of foreign trade organizations when they arise on the basis of those documents, are also reflected in obligational accounts.

Obligational accounts play an important role in the economic life of foreign trade organizations. Not a single economic operation takes place in foreign trade

in the absence of an obligation which has been properly executed. Because of this, the control of timely discharge obligations acquires great importance in the proper course of work in foreign trade. This control is implemented on the basis of data obtained through the use of obligational accounts. Data in those accounts makes it possible to receive regular information, which characterizes in detail each separate obligation assumed by a foreign-trade organization, as well as all of its obligations as a whole.

The two principal economic processes which take place in foreign trade -- export and import -- are concluded as a result of the conclusion of a whole series of economic operations on the part of foreign-trade organizations; operations aimed at the fulfillment of assignments in the national plan. The export process, as well as that of import, can be broken down into a number of stages which succeed each other and which, individually, represent subjects for operational accounting and are reflected in a corresponding account. To reflect economic processes taking place in foreign trade, and to control them, operational accounting utilizes operational accounts. All the movements (and condition) of goods entering the foreign trade cycle are recorded in those accounts.

Operational accounts comprise the most numerous and important group in the system of accounts of operational accounting. They perform a great role in the economic activity of foreign trade organizations. It is with the help of these accounts that the fulfillment of plans for export and import of commodities, trade agreements, and foreign trade transaction -- contracts, delivery orders, and import assignments -- are controlled. Data reflected in those accounts makes it possible to judge the volume of exports and imports with regard to both the individual commodity taken separately and the overall volume of commodities circulating in foreign trade; to obtain information about balances of commodities, and to observe their movements; and to characterize the movement of commodities in all stages of export import work.

Economic operations taking place in foreign trade bring these accounts into existence. Foreign trade organizations cover the bills of domestic suppliers of export commodities and the payments of foreign buyers against their own accounts. At the same time foreign trade organizations cover the bills submitted by foreign suppliers

of import goods and collect the payments of Soviet consignees of those goods on the basis of their own accounts. Settlement accounts serve to control the timely execution of foreign trade payments.

Accounting Registers

Information regarding the course and the results of foreign-trade economic activity is supplied in operational accounting by means of registration, in a specified order, of data pertaining to foreign trade operations, as contained in documents. Documents reflect the entire variety of economic operations, they contain a large amount of data necessary for the direction of the economic activity of foreign-trade organizations. However, this data is widely scattered and therefore cannot be used effectively for purposes of economic direction and control.

In order to better utilize the data contained in documents, it must be grouped in a proper manner. The beginning of such grouping is the creation of composite documents on the basis of primary documents such as various types of cumulative and grouping notifications.

But this is insufficient. It is necessary that all the primary accounting data be summarized. For this purpose they are recorded in a certain order. Such entries, or accounting registration, is based on the information in documents and is made in accounting registers. The system of accounts in operational accounting is reflected in these registers. These registers are sheets of paper specially lined for the recording of economic operations.

Operational accounting devotes special attention to data expressed in natural terms in the recording of economic operations. Accounting registers of operational accounting reflect this peculiarity. But monetary expression finds its proper place too.

Accounting registers of operational accounting are divided, according to their external classification, into ledgers, cards, and loose sheets. The ledgers consist of printed blanks of accounting registers lined in a certain way and bound. Cards -- are individual loose sheets with specially lined and printed on thick paper or thin cardboard. Cards are kept in card files (in special drawers that may be locked) where they are broken down into sections by means of cardboard dividers. Loose

sheets -- are also cards made of thin paper; they are usually larger than the cards. Loose sheets are kept in special binders.

The cards and the loose sheets are prevalent in operational accounting. Ledgers, however, are also used fairly often. Therefore, a combination of cards (loose sheets) and ledgers is characteristic for the All-Union agencies. The conditions of work of foreign-trade organizations are such that the tasks of accounting are best resolved when cards and ledgers are combined. The choice of ledgers or cards, or of their combination, as accounting registers depends on the conditions of work for each given organization, on the particularities of its commodity nomenclature, on the volume of exports and imports, and on the number of foreign trade operations which are being conducted and are subject to registration. Where a large number of entries which results in the need for a well developed distribution of the accounting load, cards and loose sheets are employed. On the other hand, where entries are relatively few and questions of systematization of accounting data arise less frequently -- ledgers are used.

Operational accounting shows a prevalence of systematic registers. With the aid of these registers, the grouping and the summation of foreign trade operations is carried out with the aim of obtaining information in the fulfillment of export and import plans, regarding the delivery of commodities according to trade agreements, the fulfillment of foreign trade transactions, etc.

Accounting registers used in operational accounting are registers of analytical accounting, each of which embraces a single homogeneous group of foreign trade operations. Detailed entries are made in analytical registers, thus characterizing in overall terms a certain group of foreign trade operations. In bookkeeping accounting analytical registers are used along with synthesized accounting registers (the content of synthesized accounts becomes apparent in them), in operational accounting they perform an independent role. Synthesized accounting registers are used here as an exception. Foreign trade operations are reflected in accounting registers in the order of their occurrence which guarantees a clear visualization of the data in current accounting. Due to this, these registers of operational accounting are used daily in the solution of current problems of control and direction of foreign trade operations.

The multi-column form of lining in accounting

registers is most widely used in the operational accounting of the external turnover of goods. The volume-sum form is also used. Since the text (the content of economic operations) is not intended to be a part of operational accounting, it is not recorded in accounting registers. Entries in the registers are limited to the most essential information such as: the date on which an economic operation was completed, the number of the document, the quantity - in specific units of measurement, and certain other data. Accounting registers are established so that it would be easy to survey and assimilate the content of economic operations reflected in them after the entries are completed, and also to allow the completion of all the prescribed accounting and statement of accounts forms with the least expenditure of labor and time on behalf of the accounting unit. The forms of accounting registers greatly depend on the character and peculiarities of those foreign trade operations for the recording of which they are designed, this is taken into consideration in the form of their lining. An enumeration of accounting registers used in operational accounting is presented below with a brief description of their content.

Registers for the accounting of orders. All-Union agencies keep ledgers for the registration of the orders of the Ministry of Foreign Trade, pertaining to the export and import of commodities. The most important information from the orders received is entered in these ledgers. Two ledgers are usually kept: one for export, the other for import. Entries are made in chronological sequence in which the orders are received.

Registers for the accounting of export funds. The work of export organizations is mainly concerned with the receipt of commodities for export. Hence, an important role is played in this work by export funds. The latter represent the necessary condition for the export work of the agencies, as the receipt of funds precedes the issuance of delivery orders and the shipment of goods for export. Ledgers are started (seldom cards) for the registration of export funds. These ledgers are kept for commodities and contain the following indices: the date and the number of the order to allocate export funds; the designation of the supplier; the quantity of goods - in specific units of measurement, broken down into quarters and countries of destination.

Registers for Contract Accounting. The import and export of commodities is conducted in accordance with terms of transactions (contracts for purchase and sale)

concluded by foreign trade organizations with foreign contractors. A predominant majority of commodities is exported and imported on the basis of transactions. Only certain commodities are exported and imported without the preliminary conclusion of contracts. Such commodities include: certain brands of machinery and equipment, which are shipped abroad for consignment or for demonstration, a number of products of the fur industry exported for sale from warehouses, models for exhibitions, motion picture, and others. But in those cases, as well, contracts are concluded at the time of sale, or at the time the goods are released to buyers. The role of foreign trade transactions in the organization and the execution of export and import operations is very great. Therefore, control over their execution and fulfillment occupies a dominant position in operational accounting. It is also necessary to note, that accounting of the fulfillment of transactions constitutes the basis of all the accounting of the commodity turnover of the USSR.

The contract accounting registers for exports include the entire system of accounts of operational accounting, designed for the registration of the shipment of goods abroad, while the registers of import contracts include the entire system of accounts pertaining to the import of goods. An account of each individual transaction is kept in the registers. At the same time the whole range of foreign trade transactions and of their fulfillment, is reflected in them. The number of indices in contract registers depends on the particularities of commodities for which the transactions were concluded.

Commodity Registers.

Commodity ledgers or cards are kept at All-Union agencies for the summarization and generalization of export and import data. The movement of goods entering into the foreign trade turnover is reflected in those registers. Individual accounting for each commodity is conducted in the commodity registers. Commodities are grouped in the registers by country and by category of delivery. Registration is carried out on the basis of documents, or on the basis of entries made in the contract registers. The second method is the most widely used, as it saves time for the accounting personnel. Commodity registers, as the contract registers, include the entire system of accounts of operational accounting which makes it possible to survey quite readily the data

reflected in them, thus facilitating the resolution of the tasks of current control, which is conducted by operational personnel and economic directors.

CHAPTER THREE

BASIC PRINCIPLES AND METHODS OF EVALUATING THE OBJECTS OF OPERATIONAL ACCOUNTING

Commodities circulating in foreign trade are reflected in operational accounting both in natural and monetary terms. Accounting data in natural terms characterizes the condition and movement of goods according to their quantity, data in monetary terms according to their value. Accounting in natural terms solves the problem of determining the concrete dimensions of import and export, with respect to individual commodities and groups of commodities, in terms of natural measurements. It assures provision of material, which illuminates changes in commodity composition of imports and exports. Accounting data in terms of natural measurement is used in the compilation of plans and for control over their fulfillment. Also on the basis of this data, material balances are prepared for the more important export and import goods, as well as for groups of goods, the relative role of export in domestic industry, and that of import in the supplying of the national economy of the USSR, in individual forms of production, etc. is computed.

The value of individual commodities, as well as that of the aggregate of goods exported abroad and imported into the USSR, is determined with the aid of accounting in monetary terms. The volume of foreign trade for any given period of time, as well as the relationship between export and import, are determined on the basis of monetary-accounting data. Such data is used in the compilation of the trade balance and in determining the degree of national plan-fulfillment in the USSR as a whole, as well as for individual foreign trade organizations and countries. On the basis of monetary accounting data the place and significance of foreign trade in the national economy of the USSR as a whole, and in its branches is determined; the share of the USSR and its place in international trade and in trade with various countries is established; the degree of participation, and the place of each all-union agency; in the turnover of foreign trade is determined; the export-import commodities-structure is

formed; important economic indices are computed, such as the interrelationship between the means of production and consumer goods in import and export and between finished goods and raw materials in the turnover of goods and others.

In order to obtain information about the turnover of foreign trade, it is necessary to evaluate all of the commodities exported abroad and imported into the country. With this aim, individual lots and the aggregate of goods, are subjected to evaluation, which is accomplished through conversion of natural indices into monetary by means of prices.

Prerequisites for the Correct Evaluation of the Objects of Accounting.

The evaluation of goods must be based on proper foundations, and must yield valid data characterizing the condition and development of Soviet foreign trade. In order to meet this requirement, a concrete order has been established in operational accounting for the evaluation of its objects. This insures a realistic and unified evaluation, and makes it possible to correctly depict, in monetary form, economic operations in foreign trade. A realistic evaluation is achieved through the use in operational accounting of transaction prices which objectively reflect the relation between the sellers and buyers of goods. Unification of evaluation is insured through the establishment of a single order of evaluation of operational accounting objects in all foreign trade organizations. The evaluation of each object is homogenous in its content, it does not permit deviations from firmly established rules, which leads to the unity and comparability of operational accounting data. Adherence to these principles of evaluation eliminates the possibility of a subjective approach to the determination of the economic activity indices, and serves as a true guarantee to the effect that all the objects of operational accounting receive correct evaluation.

An important prerequisite for the correct evaluation of export and import lies in the receipt of reliable data on the quantity of goods entering the foreign trade turnover. Such data is assured with the aid of accounting in natural terms, being organized in all of the links of the foreign trade system. The quantity of goods is determined by means of weight

and of measure. Accounting in natural terms is conducted in natural units of measurement such as those of length (meters, kilometers), of weight (kilograms, tons), volume (litres, hectolitres, cubic meters), and others, used in determining the amount of homogenous commodities. Therefore, quantities of heterogenous commodities cannot be summed up as long as they had been computed in natural measurements.

Data of accounting in natural terms are at the basis entire accounting of foreign trade commodities. Each commodity appears in foreign trade channels in the form of a definite quantity, expressed through some natural measurement. This quantity is regarded as a lot, and is thus accounted for while it is in the process of transit to the buyer. Lots of goods are not broken-up even at transportation-warehouse processing of export and import goods, because each lot is shown in accounting. On the basis of accounting data in terms of natural measurements, a constant supervision over the movement of export and import goods is maintained, in which each individual lot of goods is also supervised.

The choice of measurement units for goods depends on their physical properties. The units of measurement are determined with the consideration of the properties of the individual goods and the accepted practice of international trade. However, in a number of cases difficulties arise in the determination of units of measurement. Therefore, preference is given to units of measurement that are most widely employed in the national economy.

In order to carry out correct accounting in terms of natural measurements, it is very important to assure a unified approach to the determination of the units of measurement for commodities. For this purpose, "The Unified Nomenclature for Commodities in Foreign Trade" contains units of measurement used by foreign trade organizations in quantitative commodity planning and in conducting operational accounting. Such units of measurement are entered after the designation of each group of commodities, each sub-group, position and sub-position. In the selection of measurement units for inclusion in the "Unified Nomenclature for Commodities", use was made of the existing GOST's and technical conditions, as well as of the accepted practice of international trade for some of the commodities. Two natural units of measurements are given in that nomen-

clature for many of the goods, mainly for machines and equipment. This is associated with the fact that for a number of commodities the accounting of quantity in merely one natural unit of measurement fails to characterize, with sufficient thoroughness, the volume of their import and export.

Thus, for instance, the accounting of steam electric power stations, by components only, does not supply any idea of their power rating. Here it would be necessary to consider not only the number of plant components, but also their power rating in terms of kilowatts. From this data it would be possible to obtain information regarding the average rating of exported or imported electric power stations, which would more fully characterize their quality. Of course, each individual characteristic of electric power stations has a special significance in the national economy, but in order to study the changes in the export and import structure, it is necessary to have an idea of all the electric power stations as a whole. This information is provided in operational accounting.

Occasionally it is insufficient to know about the quantity of commodities in only two natural units of measurement. Then, a third unit is introduced into the accounting. This occurs, mainly, when examining the prices of various equipment and machinery. Since the same types of equipment and machinery may have different technical fitting, their costs fluctuate considerably, therefore, it is often helpful to know their price per kilogram of net weight of the machine. Thus, it is necessary to consider in the account not only their number in terms of pieces or components, but also in terms of their net weight.

A considerable portion of export and import commodities is calculated in units of weight. The accounting of such goods has its own peculiarity because many goods are delivered in packages. If the packaging has no effect when the amount of goods is computed in the number of pieces, couples, meters, etc. in cases where the goods are accounted for in terms of weight packaging has an obvious effect. It is, therefore, determined in advance whether the commodities will be accounted in net or gross weight. In operational accounting the quantity of commodities, delivered in packages, is reflected in net weight, which is determined on the basis of specifications, bills, certificates of weight, and other documents. The accounting

of goods in net weight has a great significance because it permits supervision of the movement of goods without the packaging.

Another important prerequisite for correct evaluation of commodities is the obtaining of reliable information regarding prices. This is secured through the existing organization of operational and accounting work in the foreign trade agencies. The contemporary organization of foreign trade activity stipulates the transfer of price data to the accounting units directly after the conclusion of export and import transactions. Thus, the accounting unit receives complete price data on foreign trade transactions on time.

Transaction prices, prices paid in reality by buyers and sellers in fulfilling contracts, are the basis for the evaluation of goods entering into foreign trade. Due to the nature of foreign trade transactions, the actual price of the goods may deviate from the price established by the contract. The actual price reveals itself as a result of the fulfillment of all the contract obligations by the buyer. Since, at times, it is impossible (or impractical) to determine in advance all of the goods' quality indices, only the basic kinds are listed. Terms of contracts on such commodities stipulate, that the quality of goods may deviate from the basic kinds within established limits. The prices are established on the basic kinds, but it is also stipulated that they vary, in cases of deviation of the delivered goods from the basic kinds. As conclusive data regarding the quality of the goods becomes known after their delivery, the actual prices are also revealed with the fulfillment of the contract.

As an example, it is possible to refer to the practice of foreign trade in manganese ore. At the time of sale, the price is stipulated on the basis of a ton of washed ore, with a 48% content of metallic manganese. In reality, however, the content of the basic component, metal manganese, deviates somewhat from that level in the ore that is being delivered. The delivery of such ore does not violate the conditions of the contract, but it changes the price of the commodity. If the content of metallic manganese in the delivered ore happens to be higher than 48%, then the price increases correspondingly, and if it is lower, then the price decreases. The final price for manganese ore is determined after the completion of analysis, and is reflected in the seller's bill paid by the buyer.

This price in the final bill is reflected in operational accounting.

Bringing Commodity Prices to a Single Basis.

In contract accounting, the prices are registered for all commodities circulating in the foreign trade market. This accounting reflects prices fixed by the contracts, and prices recomputed to a single basis - FOB port or border of the dispatching (shipping) country. Thus, it is always possible to receive information from operational accounting data on the individual prices for each lot of sold or bought goods; on the average price of goods, on the level of prices for export-import goods and their relationship to each other; about the fluctuation of prices for the period being studied. The re-computation of prices to a common basis allows to obtain data about the prices of Soviet import and goods in comparison with world prices.

Conversion of prices to a common basis has a great significance for practical work and for studying foreign trade. The fact of the matter is that transaction prices do not always satisfy the demands for correct evaluation of the commodity turnover. These prices are established on different basis (FOB, CIF, etc., therefore some of them include the cost of the goods and the expenses involved in delivering them aboard the ship in the shipping port, while others also include expenses involved in the delivery to the port of destination etc. As a result, the prices can not be compared. Prices for different commodities (or even for different lots of the same commodity) bought or sold at approximately the same time, but under different conditions, of delivery, differ essentially. The evaluation of the commodity turnover in terms of such prices would seriously distort its economic content. Because of this, transaction prices usually are brought to a common basis by re-computation, and the evaluation of goods is conducted on the basis of re-computed prices. The re-computation of prices is done on the basis of FOB or CIF. In accordance with that there are two methods for evaluating the commodity turnover.

Under the first method, the evaluation of export-import is conducted according to prices free transportation conveyance at the border of the country of dispatch (shipment) of goods. Commodities circulating in foreign trade are evaluated, with the application

of this method, according to the prices F.O.B. port in water shipments, and according to prices free on rail (or motor vehicle) border of the shipping country in shipments by land.

Under the second method, the evaluation of export is conducted according to the prices free transportation conveyance border of the exporting country, the evaluation of import - according to prices free transportation conveyance border of the importing country. Under this method the export commodities are evaluated in the same manner as under the first method, and the evaluation of import commodities is accomplished through prices C.I.F. port of the importing country in shipments by water and according to prices free on rail (or motor vehicle) border of the importing country in shipments by land.

In operational accounting the evaluation of the commodity turnover and the original transaction prices may be used.

In trade with capitalist countries, the transaction prices are determined on a different basis. Here, unavoidably, it is necessary to re-compute a considerable part of the prices to the established basis. However, even in trade with the capitalist countries, the number of import transactions, which are not based on F.O.B. port of the shipping country is being systematically curtailed. This is connected with the development of the domestic merchant fleet and the systematic growth of its role in the transportation of foreign trade cargo.

With the re-computation of prices to a single basis according to the method established in operational accounting, there is a problem of excluding from the actual price all the expenses connected with the movement of goods starting with F.O.B. port or free on border the supplier's country to the place of their surrender. These expenses are computed according to data regarding the actual amount of expenses, borne by the supplier; their extent is determined on the basis of documents. Standardization is not allowed in the re-computation of prices.

In accordance with requirements of the order, established in operational accounting, for the re-computation of prices to a single basis from contract prices of commodities sold or bought C.I.F. or free border of the purchaser's country, the actual expenses are subtracted from F.O.B. and C.I.F., specifically: marine freightage (corresponding rail freight charges, or

payment for motor transport or river freightage;) insurance of goods en route and other expenses (for instance, commission to brokers). In cases of the sale of goods stored in the country of the purchaser, the expenses connected with their delivery to the warehouse, the storage itself, and their release from warehouse are also excluded from the transaction price. In case of the sale of goods at an auction in the country of a purchaser, the expenses involved in its delivery and organization of the auction are excluded from the sale price. Cleared in such a manner, the prices are used for the evaluation of commodities, exported abroad or imported into the USSR.

The commodity turnover evaluation method used in operational accounting, considerably facilitates the analysis of prices in the study of Soviet foreign trade and its dynamics. The work of comparing prices for export and import goods, as well as the comparison of these prices with world prices, is made easier. This method, doesn't require complex re-computations of data of foreign trade and bringing it to a comparable form.

A predominant majority of goods, circulating in the Soviet foreign trade are imported and exported after the conclusion of contracts, and their evaluation is done according to the prices in these contracts. However, in some cases, the contract or transaction prices are unknown at the time of the import or export of the goods; sometimes such a price does not exist at all. This occurs in cases where the goods are exported abroad for sale from consignment warehouses or auctions. This also occurs in the export or import of goods under barter transactions. In the first case, the sale price becomes known after their export, i.e., after their sale. Sometimes, there is a significant lapse of time between the date of export and the date of sale. In the second case, there are no set prices for goods, because there is direct barter between the parties. The evaluation of indicated goods has its own peculiarities.

The evaluation of commodities sent on consignment, auction, commission etc., is done at the time of their export abroad according to the prices of previous transactions, re-computed on the basis of F.O.B. Soviet port or free on border, or according to the existing market prices, and with advance sales in transaction prices of other lots of the given commodity. However, this evaluation is preliminary and is kept in the account until the goods are sold. After the sale the indicated preliminary evaluation is changed and the necessary

corrections are made in the account.

The evaluation of commodities in barter transactions has peculiarities associated with the nature of agreements of direct exchange. There are two kinds of barter transactions: transactions, where there is an exchange of goods of equal value, and transactions, which stipulate an exchange of a certain amount of goods for an amount of other goods predetermined by the contract. In the transactions of the first kind, there is a fixed amount determined on the basis of prices agreed upon by the parties. Therefore, the evaluation of such commodities, is determined on a common basis. The prices of the second type of transaction are not indicated and special means are applied for their evaluation.

In operational accounting, commodities delivered in the transactions of the second type are evaluated on the basis of world prices in effect at the time of the transactions, or close to it. Practice indicates that in the conclusion of barter transactions, the quantity of bartered goods is equated by means of the existing prices for these goods. Such prices are usually world prices, i.e. prices for which a great part of commodities entering international trade are sold.

Commodities delivered as a loan and commodities delivered as repayment of loans, are evaluated according to world prices in effect on the date of conclusion of the transaction, or close to it. Raw materials conveyed to foreign governments as grants, as well as their processed products, are evaluated according to transaction prices, concluded on the basis of trade agreements, or according to world prices.

The evaluation of commodities is also connected with the re-computation of prices expressed in foreign currencies into rubles. Such re-computation is done in accordance with the official rate of exchange published by State Bank USSR.

In conclusion one further peculiarity of evaluation in operational accounting must be noted. Its essence is that the original evaluation of the major portion of foreign-trade operations is subsequently refined. Economic operations are reflected in this type of accounting shortly after their execution. Therefore at the time, they are recorded the final price is often unknown. Consequently evaluation is made according to contract prices, recomputed on a fixed basis, without an accounting of the final corrections for the quality of the goods. The evaluation in such operations

made at the time of recording, is considered as preliminary and is refined after the bills for the goods have been submitted. Thus the prices are brought into correspondence with actual prices which the purchasers pay.

In conclusion it is necessary to note one more peculiarity of evaluation in operational accounting. Its essence consists in the fact that the evaluation of great part of foreign trade operations is preliminary at first and becomes specific later. Economic operations are reflected in such a manner soon after their institution. Therefore, very often, the final price is unknown at the time of their registration. Because of this, the evaluation is done in accordance with the prices in the contracts recomputed at the established basis, without considering the final correction for the quality of the goods. Such an evaluation, done at the time of registration of the goods, is considered to be preliminary and it becomes more specific after the presentation of accounts for the goods. In such a manner, prices are brought in line with real prices, and these are paid by the purchasers.

CHAPTER FOUR

ACCOUNTING OF THE DISCHARGE OF OBLIGATIONS ARISING FROM FOREIGN TRADE TRANSACTIONS

In the process of executing assignments of the national plan, foreign-trade organizations enter into economic relations, on the one hand, with domestic enterprises, establishments and organizations which supply export products and receive import goods. On the other hand they have economic relations with foreign contractors-purchasers of export products and sellers of import goods. The task of the economic relations with domestic enterprises, establishments and organizations is the reception of commodities for export and the delivery of import goods to them. Economic relations with foreign contractors are directed at the sale of export commodities, and at the purchase of import commodities from them.

Relations with domestic purveyors of export products are accomplished by means of delivery orders, and with the purchasers of import goods by means of import orders and statements; relations with foreign contractors are accomplished on the basis of sale-purchase contracts (by contract orders). The delivery orders and import statements (orders) reflect conditions the observance of which is mandatory in order to accomplish transference of commodities from one Soviet organization to another. Contracts contain terms which regulate the relations between the contractors when ownership of the goods is transferred from the seller to the buyer.

Foreign-trade transactions (delivery, orders, import orders and contracts) perform a most important role in the solution of foreign trade problems. The work of foreign-trade organizations is inconceivable without them. At present the entire activity of these organizations is associated to a certain degree with the discharge of obligations resulting from foreign trade transactions. Control over the fulfillment of obligations in accordance with delivery orders, import orders and contracts is therefore of the greatest importance for the proper functioning of economic activity.

Verification of the fulfillment of obligations stemming from foreign-trade transactions is accomplished with the aid of operational accounting. Data from this type of accounting yields information regarding the obligations and the progress in executing each individual agreement and of all foreign-trade transactions in general.

The Accounting of Delivery Orders.

In accordance with a decree of the Council of People's Commissars USSR, 3 October 1940, No 1866, export contract relations are promulgated through the issuance by the all-union export-import agencies of delivery orders to domestic purveyors for goods subject to release for export. The delivery orders resemble assignments to the domestic purveyors (emanating from the all-union foreign-trade agencies) to ship for export goods which have been allocated to the Ministry of Foreign Trade in accordance with the plan for the delivery of goods for export, within specified time limits and in accordance with the conditions contained in these delivery orders. With their aid the foreign-trade organizations supply domestic contractors with information regarding the demands of foreign markets as regards quality, external processing of the goods and shipment dates. The work of domestic enterprises in preparing high-quality products and supplying them in time for export is organized on the basis of these orders. The shipment of the goods abroad is also accomplished under conditions established in the delivery orders. According to established practice, domestic contractors confirm the acceptance of the delivery orders. After such confirmation they acquire the power of sale-purchase contracts.

The more important conditions of the delivery orders, reflected in operational accounting of foreign trade, are: the object of the delivery order, description of the goods and their detailed technical characteristics; quantity of the goods to be furnished for export; dates of delivery of the goods - the date shown is the one by which the entire order must be shipped, or the time during which such shipment takes place (usually in quarters); place of delivery; method of payment for the goods; list of documents and the dates on which the contractor is obligated to forward them to the foreign-trade agency, which is the exporter of the goods.

The accounting of delivery orders is conducted in the offices of the all-union export-import agencies. In some of the agencies such accounting is related with contract accounting; in others it is conducted separately. The choice of a method depends on the operating conditions of the agency and its experience in dealing with domestic purveyors, as well as the types of commodities it deals in. In both instances, however, the reflection of all the basic conditions of the delivery orders is assured in the accounts; the control over their fulfillment is vital under the agencies' working conditions.

The delivery orders are recorded in operational accounting as they are issued. Each delivery order is recorded in fixed order after it is drawn up, thereby, accounting reflects all of the basic obligations of the delivery order and assures continued systematic supervision over the course of its fulfillment. The contractor's obligations under this transaction are considered discharged after shipment of the goods for export, and those of the purchaser are considered as having been completed after payment for the shipped goods has been made. Thus entries in delivery orders account registers are concluded by a notation showing the date of payment for the goods.

The Accounting of Import Commissions and Orders.

After the national import plan has been adopted and goods have been allotted per consumer, Soviet enterprises, establishments and organizations direct import commissions (orders) to the foreign-trade agencies. On the basis of these orders the foreign-trade organizations conduct their work of assuring the import of commodities, stipulated by the plan.

According to decree No 68 of the Economic Council of the Council of People's Commissars USSR, dated 11 January 1940, the execution of import contract relations is regulated through the presentation by the purchaser of specifications (or a written commission, if the order involved does not require a specification) and its acceptance by the agency importing the goods. At present Soviet purchasers present: for machinery and equipment, import orders, and for raw materials, foodstuff and other goods, import commissions; if necessary, both are accompanied by detailed specifications. In appearance the orders are established forms which have been completed

while the commissions are ordinary letters addressed to the foreign-trade organizations. Despite the fact that their contents must meet identical requirements, the contents of both documents must correspond to bilateral transactions and meet specific conditions.

The mandatory prerequisites of import orders and commissions are: the designation of the individual requisitioning the goods and the enterprise to which they are to be sent; the name of the export-import agency - the purveyor of the goods; the consignee; station of destination; the name of the organization that will pay for the goods; its account number at the State Bank; import date of the goods; detailed description of the goods; or complete technical characteristics if the goods require specification; the quantity; approximate net weight (only for machinery and equipment); approximate cost of the goods to be imported.

The accounting of import commissions is conducted by export-import agencies. Import orders, after reaching the machine-technical agencies, are entered in the special "Import Order Registration Journal". The serial number of the entry in this journal becomes the number of the order, and is stamped on it. From now on all correspondence between the purchaser and the agency refers to the order number. In machine-technical agencies this number has various terms: "import order number", "order number" "commission number". It should be noted that in correspondence, reference to the order number is only made during the period preceding the signing of a contract with the foreign contractor. After conclusion of a contract all correspondence with the purchaser refers to the contract number.

Import commissions are registered as they arrive at the foreign-trade organizations which import raw materials, foodstuff and other goods. The accounting of the fulfillment of import commissions (or of orders) at the export-import agencies is associated with contract accounting. The corresponding requisites (e.g. the designation of the purchaser, of the consignee, the account number, etc.) are entered in contract accounting ledgers. The designation of goods, their characteristics, quantity amounts and other indices, are reflected in the ledgers on the basis of contracts concluded with foreign contractors. Concerning these indices, if they do not conform with the initial orders, contract data is accepted as correct, inasmuch as any changes in the order are coordinated with the purchaser before the signing of the

import agreement. Thus the fulfillment of these contract indices is at the same time the fulfillment of the import order or commission. Contract accounting assures a reflection of the indices characterizing both the discharge of the conditions of the contract itself and the conditions of the import order (commission). This explains the fact that operational contract accounting reflects both the shipment of the goods from abroad and their import into the USSR as well as their delivery to the purchaser. The fulfillment of the import commission is considered as having been completed after the goods have been shipped from the port or border point and sent to the purchaser's address, and payment, by the latter, for the goods has been made. Consequently entries in contract accounting registers are completed with a notation showing the date payment for the import goods was received from the purchaser.

Accounting of Export and Import Contracts

Deliveries of goods in the foreign-trade turnover of the USSR are accomplished under the terms established by contracts between all-union export-import agencies and their foreign contractors. A contract (sale-purchase agreement, order) is a mutual, bilateral agreement between the vendor and the purchaser of a commodity. Through the contract the vendor assumes the obligation of supplying the purchaser with the goods indicated in the agreement; the purchaser is obligated to accept these goods and pay the vendor the stipulated price. The transfer of property rights to goods in the Soviet foreign-trade turnover takes place through the execution of the obligations assumed by both parties to the contract. The contract lists the article to be supplied, the quantity, price and other conditions which define the obligations of the parties.

Supervision over the realization and execution of foreign-trade transactions occupies an important place in operational accounting. Data from this type of accounting is utilized in the course of sale of export goods and the purchase of import goods, as well as in other activities of foreign-trade organizations engaged in completing assignments established by the national import-export plan. To direct the activities of the export-import, agencies dealing with the sale and purchase of goods, regular information regarding the number of contracts concluded and the pertinent turnover volume,

is indispensable. The number of transactions indicates the frequency and amount of transactions concluded by a given agency as a whole, and by each of its offices individually.

However, in examining the operations it must be kept in mind that transactions may be major, average, or minor. Information concerning the relationships between these groups of transactions is of great importance for the characteristics of the work of foreign-trade organizations. Hence operational accounting is established in such a way that its data, would yield information about the number of transactions concluded, according to different groups.

Determination of the transaction turnover is also of great importance. Transaction turnover characterizes the results of the activities of foreign-trade organizations in the sale and purchase of goods. It defines the scale and direction of operational work. Contract accounting data, together with the number of transactions, furnishes information on the volume, geographic distribution and commodity structure of forthcoming export-import shipments.

Operational accounting of contracts, however, poses much more extensive tasks than those of providing information on the number of contracts and the transaction turnover. Its main task is that of furnishing data for systematic control over the discharge of obligations stemming from contracts which form the basis of the relationship between sellers and buyers. In connection with this foreign-trade organizations assure.

Daily control over the fulfillment of each separate contract, and when necessary, over the fulfillment of each separate facet of a contract, as well is assured by the foreign-trade organizations through operational accounting. At the same time, contract accounting data is utilized to obtain the following information, indispensable for economic administration: information about the fulfillment of export and import plans; about shipments abroad, and imports into the USSR, in terms of commodities, and countries and commodities, as well as information concerning the fulfillment of trade agreements and other data.

Let us examine the practical problems arising in the organization of and control over the discharge of contract obligations. Essential changes have occurred in the practice of concluding foreign-trade transactions, which considerably complicate the matter of contract

accounting. These changes involved, first of all, the articles of delivery and the extent of time involved in the fulfillment of a contract. Before the war contracts concluded for separate lots of commodities comprised the main body of foreign-trade transactions. At that time it was customary to conclude a contract for each individual lot of commodities, predominately with short term contracts. These were single act transactions, whose duration was determined by the time involved in the delivery of a single lot of goods. The role of these transactions was to accommodate a single delivery of a specified quantity of goods. After delivery they ceased to function. Naturally, contracts were also concluded for the delivery of a number of lots of a single commodity or even of several commodities. Under such contracts, commodity deliveries were effected in successive lots, at even intervals over a specified period of time. These contracts, however, played a rather minor role by comparison with the single act transactions.

During the postwar years the situation changed radically. Now the bulk of foreign-trade transactions involve contracts with terms up to a year. Short term contracts comprise only a small portion of the total number of contracts concluded.

Considerable changes have also occurred in such an important aspect of contracts as the article of delivery. At present the majority of contracts are concluded for the delivery of entire series of lots of one or many types of commodities. The above changes, as well as others, in the conclusion of contracts were caused by changes in the conduct of foreign trade.

The postwar changes in the conclusion of foreign-trade transactions have considerably complicated the content of operational contract accounting.

Work of the all-union export-import agencies, in the preparation and conclusion of contracts is usually not reflected in operational accounting, as it is of a preliminary nature. After the contract is concluded, the foreign-trade agency assumes new obligations, the fulfillment of which directly affects the results of its economic activity. Therefore, the agency conducts detailed accounting of the discharge of obligations resulting from the contract.

Each contract executed in the appropriate manner is accepted for accounting by the export-import agency which signed it. A transaction is considered as appropriately executed if it meets the Soviet legal requirements

covering foreign trade. In accordance with Soviet legislation concerning the state monopoly of foreign trade and the manner in which it is to be conducted, the conclusion of foreign-trade transactions on foreign trade of the Soviet government is a function of the all-union export-import agencies and the trade agencies of the USSR abroad. These transactions must be elaborated in writing and signed by duly authorized individuals. To reflect export-import obligations in operational accounting, the observance of the above requirements of Soviet legislation is mandatory.

The origination of the foreign trade obligations, which is understood to be the effective date of the contract, is of great importance in the organization of accounting. In accordance with established practice, foreign-trade obligations of the USSR become effective after the contract has been signed by both contracting parties, i.e. from the date of transaction. The contract is accepted for accounting as of this date.

Establishing the date of a contract presents no difficulties providing the parties sign it simultaneously, at a permanent headquarters of a Soviet foreign-trade organization. In such case, as soon as it is signed the contract is relayed to the accounting unit, which is concerned with recording it. The matter is much more complicated when the contract is concluded between an all-union export-import agency located in Moscow and its contractor located abroad. Here the difficulty lies in the fact that the parties sign the contract in different places and at different times. Preliminary negotiations to coordinate the conditions of the transaction are accomplished by mail. The contract is compiled by one of the parties after agreement on the basic conditions of the transaction has been reached. Under existing practice of work in the foreign-trade of the Soviet Union the contract draft is compiled by the import-export agency. When the contract is ready, the agency, signs two copies and sends them to its contractor for signature. The latter, in turn, signs the contract and returns one copy to the foreign-trade agency. The contract becomes effective on the day it is signed by the agency's foreign contractor. It is accepted for accounting, however, after the export-import agency receives the copy signed by the contractor, i.e. after the date it became effective.

To shorten the gap between the day the contract was signed abroad and the time of its accounting entry in the foreign-trade agency, operational accounting uti-

lizes telegraphic notifications regarding the conclusion of contracts. Soviet trade agencies abroad send such information on all contracts which they draw up on order of the all-union export-import agencies or regarding contracts concluded directly by themselves. Accounting entries regarding contracts which were executed outside of the permanent offices of the foreign-trade organizations are based on such notifications.

All of the major transaction conditions are reflected in operational contract accounting. They include: the article of delivery -- description and qualitative characteristics of the commodities; the quantity to be delivered; the price which the purchaser will pay to the seller upon fulfillment of the contract; the place and date of delivery of the goods to the purchaser; the place and dates of payment for the goods. All of these factors, affecting delivery of the goods and some others, the systematic supervision of which is considered expedient are reflected in contract accounting. Control over the discharge of these basic conditions is of great significance for the economic direction of foreign trade.

A brief description of the commodity, giving a sufficiently complete concept of it, is entered in the accounting registers. In front of the commodity description a code number (commodity number), from the "Unified Commodity Nomenclature for Foreign Trade", is listed. The commodity code number is an important supplementary indicator in accounting. When necessary, it permits the complete identification of a commodity, and its classification into the corresponding subgroup, group and division of the accepted classification system. The commodity number also serves as to a tabulating code in machine accounting.

In firm sale (purchase) contracts, quantity is a basic and indispensable condition of the transaction. In the sale (purchase) of commodities which may be easily counted or measured, the contract indicates the exact quantity which the vendor is obligated to supply and which the purchaser must accept. In the sale (purchase) of bulk commodities the determination of exact quantities is difficult; therefore the quantity is defined in approximate quantities in the contract, with the "about" reservation. The meaning of this reservation is usually clarified in the contract itself.

The "about" reservation means that the seller has the right to supply the commodity, within fixed limits, in a larger or smaller quantity, in accordance with the

given contract. The extent of such a deviation varies for different commodities - from 1% to 10%. The existence of such practice in trade involving bulk commodities is chiefly associated with conditions of their transportation. In purchasing a lot of goods for shipment by water, it is difficult to determine beforehand the exact cargo capacity of the ship, which it will be possible to charter and the date it will be available for loading. Therefore the vendor or the purchaser, who is responsible for chartering the ship, must have a certain freedom of choice. This is offered to him by the "about" reservation, shown in the contract in front of the figure designating the quantity. The problem of establishing the final quantity of the commodity according to the terms of the contract arises in connection with the "about" reservation.

In operational accounting the quantity of goods actually supplied according to the terms of the contract is considered as the contract quantity. In the process of discharging the contract, and before the final delivery of the goods, the quantity indicated in the transaction is noted in the account. After shipment of the last commodity lot the total quantity delivered under the terms of the contract is calculated, and the total is accepted as the contract quantity. Thereafter, when necessary, revised figures are entered in the accounting entries. As a result, in the case of bulk commodities, as well as in the case of shipments involving individual quantities, after deliveries under the contract are completed, the amount actually delivered and the contract-amount are identical. The quantity is entered in the contract, and is reflected in operational accounting in terms of specific units of measurement for each given commodity.

Of great significance is the method of determining quantities in the release of a commodity by the vendor to the purchaser. In accordance with "General Conditions for the Delivery of Goods", now in force in the trade of the USSR with the people's democracies and a number of capitalist countries, the quantity of goods released by the vendor and accepted by the purchaser is established by the number of pieces (or by weight) indicated in the following shipping documents: for ocean shipments, the bill of lading; for river shipments, the river waybill; for rail shipments, the rail waybill; for truck shipments, the acceptance-release certificate issued at the border point; for air shipments, the freight receipt at

the airport or origin; for mail shipments, the postal receipt.

The contract usually contains a detailed qualitative description of the commodity. This is done either by means of a description of the technical specifications or by reference to an established standard or model, if the item being supplied consists of various types, the most important of them are reflected in the contract and in accounting. This is of substantive significance in assuring the delivery of goods which correspond to the terms of the sale-purchase contract.

The indication of the commodity price in the contract is intended to define the approximate volume of the shipment in monetary terms. The price is usually expressed in the same currency in which payment for the goods is stipulated. This price is also reflected in the accounting registers.

A major element of the contract is the price to be paid by the purchaser to the vendor upon completion of the transaction. For a number of reasons, to be discussed below, the price stipulated in the contract and the price actually paid by the purchaser very frequently differ. The task of operational contract accounting is to reflect both prices.

The price is expressed by a number of monetary units subject for payment by the purchaser to the vendor for a single quantitative unit of goods, designated in the contract. If the article in question is not a uniform commodity, as regards its qualitative characteristics, then the contract specifies the price per unit of each type or kind of commodity separately. In many instances the contract expresses the price in terms of the basic type, and appends a scale of discounts and increases corresponding to changes in the quality of the commodity. The price of cotton, for instance, is established in this way. In the case of some commodities the contract indicates the price which refers, not to a quantitative unit, but to a unit of the major basic element of the commodity. This group, for instance, includes certain ores and ore-concentrates. For these commodities the contract usually stipulates the price per unit of content of the basic element, at the same time the minimum content of this element in the ore, in percentage of content, is also stipulated. The contract price per unit of weight of a commodity is determined by multiplying the price of the basic element by the guaranteed minimum of this element, in percentage, and the actual price

is determined by multiplying the price of the basic element by its actual content, in percentage, the content being determined by chemical analysis. Since an increase in the minimum content of this basic element in the ore or concentrate, over that stipulated in the contract, is to the purchaser's advantage, he agrees to pay the vendor an additional amount determined by multiplying the price by the percentage of excess over the guaranteed minimum content of the basic element. It is necessary to note an additional peculiarity of price formulation for ores and concentrate. Along with the basic element, other important elements are often encountered in them the extraction of which is financially profitable and may be performed by the purchaser. In these cases the contract contains a clause by which the purchaser either returns these side elements after their extraction or agrees to pay a specific price for them. In the latter instance, the price for the commodity is determined with consideration of the price of these side elements.

Along with the designation of the price in monetary terms the contract indicates the price basis. The determination of a price basis is accomplished in connection with the place of delivery of the commodity and tare. The place of delivery of the commodity is associated with various transportation, storage and insurance expenses, and hence has extensive effect on the actual price. Depending on the place of delivery, a variety of expenses become involved in the price of the commodity.

There is a great variety of methods of delivering a commodity, each of which creates a different basis for determining the price. In buying goods free border railway station and free on shore, the contract price includes expenses involved in the delivery of the goods to the border of the vendor's country to the area where the goods are re-shipped; purchases on the basis of free on rail, border railroad station and F. O. B. port of shipment the price includes not only expenses after the delivery of the goods to the loading point, but the loading expenses as well; purchases on the basis of C. I. F. port of entry, the price includes expenses involved in the delivery of the goods to the port of destination, designated by the transaction, etc. The contract contains a detailed definition of the contract price basis.

The task is to reflect it correctly in accounting. This, however, is insufficient. The price, reduced to

a single basis, must be shown. The variety of release methods, reflected in the contracts, makes it impossible to compare prices for one and the same commodity, purchased in various countries or even in a single country. In this connection there arises the necessity of reducing the commodity prices to a single basis, F. O.B. or C.I.F. In this instance contract accounting reflects, along with the transaction price, the price of the commodity converted to F.O.B. or C.I.F. prices.

Tare costs also influence the price of goods, hence the contract usually defines the price (by including or excluding tare), and designates the party bearing the tare expenses (vendor or purchaser). If tare costs do not enter into the price, and the expenses of tare are borne by the purchaser, according to the contract, then the cost of tare is also added to the price of the commodity.

It must be emphasized that, with all the variety of means of delivering goods and the factors influencing price levels, the rule by which the price of a commodity is reflected in operational accounting in complete agreement with the contract remains invariable. When necessary this price is recomputed to an established basis. After fulfillment of the contract the cost of the goods is calculated according to the actual price and is thus made more precise by means of the price paid for the goods.

The above examples refer to contracts in which a firmly established price is stipulated. Such contracts prevail in the practice of Soviet foreign trade. However, in a number of cases the "sliding scale price" method is used in establishing the price. The essence of this method is that the contract either does not indicate the price at all, or a preliminary price is listed, to be made more precise at the time the goods are delivered. In both instances the contract stipulates in detail the system of determining the price of a commodity.

There are various ways of determining sliding scale prices in foreign trade transactions. Let us examine several of them.

Determination of prices by quotation: the parties stipulate in the contract that the price shall be fixed on the basis of published quotations for the given commodity. Such quotations are usually the published prices in a well-known periodical or quotations of some established stock exchange. Such quotations are usually taken on the day the goods are delivered to the purchaser, or

the date close to delivery.

Determination of the price of a commodity on the basis of the prices for the raw materials contained in it: vendor and purchaser agree that the price of the article involved in their agreement will be determined at the time of delivery, or shortly before delivery, on the basis of the price of the material serving as the basic raw material for the manufacture of the given commodity.

Determination of price by supplementary agreement: the contract stipulates that the price of the commodity covered by the contract will be determined by agreement of the parties at the time each individual commodity lot is delivered.

The accounting of contract prices under the sliding scale price clause presents certain difficulties. In the conduct of operational accounting of foreign trade, the preliminary price, designated in the contract, or the quotation price effective on the day the transaction is concluded, is accepted as the contract price with the case of sliding scale price clauses. Account entries are made more precise through application of actual prices in the course of contract fulfillment.

Goods involved in foreign trade are bought and sold either on a basis of either immediate delivery or with delivery over a specific period of time stipulated in the contract. Delivery of the goods occurs once, in toto, as specified in the contract, or in groups over a period of time. Single act transactions are characterized by conditions of immediate delivery of the entire quantity of goods covered by the contract. The delivery periods in these transactions are usually of short duration. However, single act transactions are also concluded allowing extended delivery periods. This occurs when the purchased commodity must be manufactured. The conditions of delivery over a specified period of time, with the shipment of goods in sections (separate lots) is a distinguishing feature of long-term contracts. Transactions providing extended periods of time for delivery are concluded for the delivery of entire series of lots of one or several commodities. The fulfillment of such transactions is accomplished by shipping successive lots of the goods during the stipulated period of time. The time intervals between delivery of the lots is established in the contract. A condition under which the seller is obligated to deliver the commodity to the purchaser in equal quarterly lots during the year is most frequently encountered in long term contracts.

However, contracts occasionally specify the exact quantities of a commodity to be delivered during each given quarter. Long term contracts stipulating monthly delivery quotas are less frequent. In such contracts there is either an allocation of the total amount of the goods in monthly lots, or directions for delivery in equal monthly lots.

The delivery periods of the goods are shown in operational accounting exactly in accordance with the terms of the contract. In contract accounting ledgers, after entry of the total quantity of goods involved in the contract, the dates of shipment with distribution by quarters (or months) is noted. Forthwith the compliance with the established delivery dates is controlled on the basis of the accounting data.

The date of delivery of the goods, in accordance with "General Conditions", is considered to be: for water shipments, the date of the bill of lading or water bill of lading; for rail shipments, the date stamped on the railroad way-bill by the border station at which the goods pass from the vendor country's railway to the railway receiving the goods; in truck shipments, the date of the document affirming receipt of the goods by the purchaser's transporter, but if the goods are delivered by the seller to the national border of his country, it is the date of the customs inspection by the border customs station of the country bordering the seller's country; in air shipments, it is the date of the cargo bill of lading of the airline involved; for mail shipments, the date of the postal receipt issued by the postal authorities of the selling country on acceptance of the goods.

The basis of relations among the parties in the course of discharging the contracts is formed by the shipping documents, which confirm the fulfillment of the seller's contractual obligations. The quantity of goods, indicated in these documents, is usually accepted as being final and is considered in fulfillment of the contract. The vendor may demand payment for the goods on the basis of the shipping documents. As a rule, payment for goods is made against these documents. The date of the shipping documents is recognized by the parties as the date of delivery of the goods, i.e. the date on which the vendor has fulfilled his contract obligations. It is quite natural that these documents also form the foundation of operational accounting of the fulfillment of contracts.

The contract stipulates the terms and form of payment and lists the vendor's obligations, upon fulfillment of which the purchaser pays for the goods. Operational contracts accounting reflects the actual payments as they are made. Supervision over the payment dates is of great importance. Payment certifies the fulfillment of the purchaser's contractual obligations; it also certifies the completion of the acts covered by the contract. Entries in contract accounting registers concerning the relations between purchaser and vendor in a given transaction are closed by the notation of the date payment for the goods is made. After payment is made, the contract is considered complete, and operational supervision over deliveries ceases, although relations between purchaser and vendor under the given contract may continue. e.g. in handling complaints, claims regarding quality etc.

The number of indices in operational accounting is strictly limited, hence only those indices are selected from contracts the supervision over which is economically feasible. In order to avoid excessive expansion of accounting and waste of effort, indices not used in the operational work of export-import agencies, or used irregularly, are not reflected in operational accounting.

Contract accounting occupies a central place in foreign-trade operational accounting. Data from these accounts is utilized for control over the execution and discharge of contracts. In addition this data forms the foundation for all commodity accounting. A factor in the proper organization of accounting work is the compliance with the requirement for maximum brevity of register entries. Such brevity is achieved by various means in particular by utilizing contract accounting registers as group journals for entries in other registers. Thus, for instance, entries in commodity registers are most frequently made not from documents but from contract accounting registers. On the basis of the data reflected in them, group entries are made in the commodity registers regarding commodity shipments, imports and exports and so on. Therefore, contract accounting, in fulfilling its main task, that of controlling the discharge of transactions, simultaneously accomplishes a series of supplementary functions, the independent processing of which would require considerable effort on the part of accounting personnel.

In mentioning contract accounting, it is necessary to dwell on still another important condition for its proper organization: the establishment of control over the execution of contracts. To avoid the possibility of omissions in the registering of executed contracts, there should be a system of automatic control over the number of agreements signed. The establishment of such a system is all the more important in that under the existing organization of operational work in foreign trade contract drafts are prepared by the offices of the all-union export-import agencies, which concern themselves with their execution and filing; they also distribute copies of the contracts to interested departments of the agency and to other organizations. Each agency has several operations offices. Consequently there should be a system, operating automatically, which would reveal any omissions in the acceptance of signed contracts for accounting, in the distribution of copies of them etc.

A factor which facilitates this work is the proper numbering of the contracts. It appears that the numbering of contracts is a simple matter not demanding special attention. In reality this is not so. The proper numbering of contracts allows the automated calculation of the number of transactions concluded by each office, and by all the agency offices combined; it also makes possible control over the execution of contracts. The all-union export-import agencies solve this problem by using a single system of numbering contracts.

Under this system contracts for commodities of each agency are numbered with nine digit numbers, expressed in Arabic numerals. The first two digits designate the code number of the export-import agency; the third designates the year in which delivery of the goods is to be made under the contract; the fourth, fifth, sixth and seventh digits designate the serial number of the contract; the last two digits, separated by a hyphen, designate the code number of the vendor's or purchaser's country.

The assignment of serial numbers to contracts is accomplished in various ways at the different agencies. Some agencies register contracts planning, economic or legal departments, as well as in the offices and in this case serial numbers are assigned beginning with number one, at the start of every year. Other agencies register contracts only in the offices. Groups of four digit numbers are "allocated" for these agency offices, which are used in numbering contracts. The determination of a system

for numbering contracts depends on the conditions of the agency's work. Under the above system, the number of the first contract of the All-Union Machine Import Agency, covering the delivery of commodities for 1959, appears as follows: 50/90001-04, where 50 is the agency's code number, 9 is the year in which the commodity will be supplied, 0001 is the contract serial number, and 04 is the code number of the country.

The foundation of operational contract accounting is formed by: contracts (purchase-sale contracts, transactions); transportation and commodity documents (bills of lading, railroad waybills, bills, etc); telegraphic notifications regarding the conclusion of contracts, the receipt of goods and the shipment of goods to the USSR, and other documents concerning the discharge of contracts.

The accounting of foreign-trade transactions is conducted in contract registers, which, on the basis of the documents, reflect the entire course of fulfillment of obligations of each transaction, beginning with the date of its conclusion and ending with the date on which all deliveries are fully completed. All the essential transaction conditions are entered in the registers (contract index cards, accounting sheets in the ledgers). Subsequently all the commodity lots which have been shipped in fulfillment of contractual obligations as well as payments against the sellers' bills are entered in them.

As stated above, most postwar transactions do not cover a single commodity, but rather a whole series of commodities, which are to be delivered over an extended period of time. This innovation in the work of the foreign-trade organizations required the introduction of measures to adapt contract accounting to the changing conditions. A solution was found, in the case of contracts covering the delivery of several commodities, by initiating as many cards (or accounting sheets in the ledgers) as there are separate categories in the contract. As a result it is now impossible to determine the number of transactions by the number of cards in the card-index (or the accounting sheets in the ledgers); the number of transactions is less than the total of active index-cards. Under these circumstances it has become necessary to group the cards in the card-index by contracts, in order to make it possible to obtain data on the obligations under each contract as a whole, and on the course of its fulfillment.

CHAPTER FIVE

THE ACCOUNTING OF EXPORT OPERATIONS

The Soviet government conducts the management of export through plans for the export of goods, established for annual or more extensive periods. These plans reflect the tasks in the development of economic ties between the Soviet Union and foreign countries, and contain a concrete program for the export of goods abroad. The volume and structure of USSR's exports are established in the plans; they also contain assignments for the export of goods with distribution among countries and forms of delivery. Along with the export plans, plans for the delivery of goods for export are also developed for the purpose of determining the resources of export goods and establishing the suppliers of goods for export. The activity of foreign trade organizations, directed at insuring an export of goods, is developed on the basis of such plans. After establishment of the plan, the foreign trade organizations furnish quality specifications for goods allocated for export; determine delivery dates, issue delivery orders to the domestic purveyors, conclude export transactions, and assure the export of goods out of the USSR and their delivery to foreign buyers.

The operational export activity of foreign trade organizations begins with the realization of goods. The term realization means the agreement to sell the goods, i.e. the conclusion of a contract for the sale and purchase between the all-union export-import agency and its foreign buyer.

The export process, which begun with the establishment of economic relations with the domestic purveyors of export goods and the foreign buyer of these goods, is concluded with the export of the goods to foreign countries and the receipt of the price established in the contract. In order to bring about the export of any type of goods, it is necessary, above all, to conclude contract for their sale and to issue in a prescribed way, the delivery orders. The export of goods beyond the borders of the Soviet Union occurs

on the conditions contained in these transactions. Therefore, control over the execution of the transactions and their fulfillment, carried out with the help of operational accounting, plays a big role in the correct course of the Soviet government's export trade. The contracts and the delivery orders for export are two important objects of the operational accounting of foreign trade.

After establishing economic relations with domestic purveyors of products for export and foreign buyers of these products, the foreign trade agencies take measures toward the actual realization of obligations, stemming from export transactions. For that purpose, they assure the shipment of export goods and their delivery to the buyers. In the course of their progress, the goods undergo various stages. The movement of export goods to the buyers begins with the instant of their shipment by the purveying enterprises. A certain time after the dispatch, they are en route to the ports and border stations of the USSR. Upon arrival at the ports and border stations, the export goods are subjected to operations which are to insure their re-loading and shipment to the buyers. Export goods, sent abroad, are delivered into the possession of the buyers in conformance with contract terms. For the purpose of obtaining data necessary for the economic direction and control of the foreign trade export organizations, the registration of economic operations, taking place during various stages of the export process, is assured through operational accounting.

In summing up the above it is possible to determine the subjects of operational export accounting. The subjects of exports accounting are the sale and purchase export contracts; delivery orders, goods supplied for export, goods en route to the ports and border points of the USSR, goods at ports and border points of the USSR, and goods exported overseas.

In the case of goods, which are exported abroad without sale contracts, the necessity arises, in their accounting, to consider such matters as goods in transit abroad; goods in warehouses abroad; goods sold from warehouses abroad.

The problems in contract and export delivery order accounting are dealt with in chapter four. Below we deal with questions regarding other matters of operational export accounting.

Accounting of the Balance of goods in the USSR

An important stage in the work of exporting organizations begins after the domestic purveyors forward the goods for export. From then on, the export-import agency assumes the responsibility for the further shipment to the buyer, bears all expenses connected with it, and is charged with receiving payment for settling with the purveyor for the goods supplied for export.

The delivery of goods to the all-union export-import agencies is accomplished in accordance with the plan for the supply of goods for export and the conditions of the delivery orders. The plan of delivery contains assignments to the Soviet purveyors of delivering goods for export in planned quantities, and assignments to foreign trade organizations of receiving these goods.

The nomenclature and the quantity of goods, subject to export shipment within the planned year, are established in the plan and the purveyors of goods are established also. With regard to many of the goods, the annual planned assignment is distributed in quarterly periods. The plan is established only in natural indices. The quantity of goods is established in specific units of measure, with the exception of a few conglomerate designations, planned in financial terms. The nomenclature of goods in the plan is given in great detail. It enumerates all the goods, subject to be supplied for export, and gives a detailed description of each; for the purpose of individualizing each designation. The conglomerate designations of goods are encountered as an exception, and only in those cases, when it is impossible to specify them, in view of the large diversity of the component designations, or when this is not expedient for technical reasons (for instance haberdashery). It is necessary to note here, that all the stocked goods are earmarked in the plan; in the conglomerate designations, only certain un-stocked goods are not identified.

In order to determine the extent of deliveries in the plan standard units of measurement are used. The determination of the units of measurement is usually governed by the GOSTS. The volume of goods, whose measure is established by weight, is indicated in its net weight.

In certain cases, for a more exact determination of the volume of export goods, the designation is in two units of measure. Thus for example, the assignments

in certain types of equipment and machines are designated by component (or groups of components) and simultaneously in units of power or productivity.

A definite link and inter-dependence exists between the plan for the delivery of export goods and the plan of export. This is evidenced by the fact that in the plan of export, only those goods are distributed to the buyer countries, which are destined for consignment to export, according to the plan of delivery. The volume of goods subject to export according to the plan, coincides with the volume stipulated for export by the plan for the supply of goods for export, with consideration of the overlapping surplus. However, the plan for the export of goods and the plan for their delivery have a different structure. The differences in structure of these plans stem from the problems which they solve. The export plan, by its designation and assigned tasks, reflects the economic ties with foreign governments; therefore, only tasks for foreign trade organizations are established in it; on the other hand, the plan for delivery of export goods takes into consideration the relations within the national economy; therefore, it contains tasks for foreign trade organizations as well as for the domestic purveyors of goods. The content of the delivery plan, is the purveying of goods for export, and that of the export plan, the export of these goods abroad. The structure of the indicated plans is formed in conformity with this. The plan for export deliveries is built around the purveyors and the goods, and the export plan - around countries, forms of payment and the goods. The tasks concerning goods in the plan for the export deliveries are established quantitatively only but the export plan - in terms of both quantity and price.

The fulfillment of the plan for the delivery of goods for export is accounted for in terms of those same indices, by which the plan itself is worked out; this process facilitates the control over the fulfillment of the planned tasks. The accounting of the completion of the plan for the delivery of goods for export, as compared with the export plan, is made easier on the one hand by virtue of the fact that this account is conducted only in natural measures, without a financial evaluation; on the other hand, it is made harder because of the large diversity of nomenclature of goods in the delivery plan. These features are taken into consideration at the time of the organization of operational

accounting of the delivery of goods for export.

The accounting of the delivery of goods for export is technically tied in with accounting of delivery order; which reflects the obligations and the course of their fulfillment, which stem from these transactions. The obligations of the purveyors are considered fulfilled from the instant the goods are dispatched for export, and the obligation of the foreign trade organization from the instant of payment for these goods. The entries in the delivery order account are completed with the entry indicating the date of payment for the goods. The deliveries of goods for export are reflected also in the account of the goods, which also yields data on every item as a whole, and as distributed among the purveyors.

The place of the delivery of goods has great meaning in the operational accounting of the delivery of export goods; also of significance, are the date of their transfer to the all-union export-import agency and the confirmation of the fact that they have been delivered. The export goods are released by the purveyor and received by the foreign trade agency on the basis of quantity and quality, defined by the delivery order. According to established practice, the goods for export, with a few exceptions, are transferred to the foreign trade agencies F.O.B. point of shipment. The purveyor must load the goods into the car and obtain a receipt from the railroad which indicates that the cargo has been received; after which, he is relieved of the supply obligation. Subsequent concern for the goods becomes that of the export-import agency. The delivery date of the goods is considered to be the date of the railroad bill of lading, and the document certifying the fact that the goods have been delivered is the receipt of the railroad bill of lading. Payment for the goods is made against the purveyor's bill which is accompanied by a detailed specification and the receipt of the railroad bill of lading.

The accounting of the delivery of goods for export is conducted on the basis of delivery orders, receipts of railroad bills of lading, purveyor's bills and other documents. In view of the fact that between the date of the actual dispatch of the goods and the date of receipt of documents by the export-import agencies, there is, in certain cases a considerable gap in time (having a negative effect on the full complect of information about the deliveries), telegraphic notifications from suppliers about the dispatch of goods for export are

used in the registration process of the operational accounting. Initial entries are made on the basis of telegraphic notifications and later these are compared with the data contained in shipping documents received, and are clarified if necessary.

Accounting of the Balance of Export Goods in the USSR

In conformance with instructions of foreign trade agencies, contained in the delivery orders, export goods are directed from the purveying enterprise directly to the port of shipment and border stations of the USSR for re-shipment abroad. From the moment of dispatch and right up to their arrival into the ports and the border stations, these goods are in transit through the USSR. The goods supplied for export, prior to their arrival at the corresponding ports and border stations, are regarded as the immediate reserve intended for the fulfillment of export obligations. In connection with this, the acquisition of data showing the volume and nature of goods in transit in the USSR acquires important significance. This data is used in the solution of operational problems, associated with the fulfillment of obligations by Soviet foreign trade export agencies and also in the planning of work of the ports and border stations of the USSR.

The operational accounting of export goods en route to the exit ports and border stations of the USSR, is consolidated with the accounting of contracts. The balance of goods en route are shown as the difference between goods sent by the purveyors and goods which have arrived at the exit points. Entries in accounting registers, which deal with the date of their arrival to the corresponding point of exit, are used in part to reveal data concerning the balance of goods, in transit in the USSR.

The work which deals with the shipment of export goods, those goods which are to be transported out of the country by railroad, is considerably facilitated by virtue of the fact that the majority of these goods are not detained at the border stations for any length of time. With regard to these goods, the date of their arrival to the border station and the date of their export, i.e. their summons abroad, usually either coincide or have no appreciable gap. The presence of agreements between the USSR and socialist countries concerning

international railroad freight transportation (Socialist International Freight Transportation), also affects this favorably. The fact that the indicated goods are not detained at the border, has an important economic significance. With such organization of shipping, the foreign trade agencies have no need to store the goods at border stations and do not bear the consequent expenses associated with such storage. The necessity for the accounting of the balance of export goods, is also eliminated.

The situation is different when the goods are shipped abroad either by maritime or motor transport. In this case, the export goods are delivered to the exit ports and border stations of the USSR by railroad, and shipped abroad by vessel and motor transport. In connection with this, the necessity arises of transshipping the export freight and consequently, of warehouse storage. Under port conditions, part of the freight may not be warehoused. This situation arises when the export goods are brought into port and loaded on board ships directly from railroad cars, by means of the freight car to vessel system. This lot of the goods circumvents the problem of warehousing inasmuch as the goods, by passing the warehouse get directly on board the vessel.

The other lot of the export goods are delivered in advance for accumulation in order to break the shipment down into portions necessary for the fulfillment of the sale contracts. These goods are stored in port warehouses, then loaded on ships, and shipped abroad. Consequently, there arises, in such cases, the necessity of supervision over the export goods and their movement for the purpose of using the resultant data in the planning of the delivery of goods to the warehouses, and also for the preparation and realization of measures which would speed their delivery to the ports. The data on the availability of goods in the warehouses, and of the arrival of goods at the ports, is necessary also for the regulation of ship schedules and the assurance of their timely loading. The preparation of this data is one of the important tasks of foreign trade accounting. The information about the availability of export goods is compiled by the foreign trade agencies from data contained in contract accounting. The balance of goods is defined as the difference between the volume of goods, which have entered the port warehouses in accordance with the certificates of acceptance, and the volume shipped abroad via a bill of lading. By means of

certificates of acceptance, the export goods are changed to specific ports, which are relieved through the bills of lading.

The shipment of export goods by means of motor transport takes place on the borders of the USSR and the Chinese People's Republic (along the Sinkiang-Uygursk Autonomous District), of the Mongolian People's Republic of Afghanistan and of Iran. At these borders, at points where the cargo is transferred to the foreign buyers, Avtovneshtans (All-Union Office for Motor Transportation of Import and Export Cargoes, Ministry of Foreign Trade USSR.) bases are organized, export goods are delivered there and stored until their release against the contracts. Because of this, operational accounting of the balance of goods is also conducted here. Inasmuch as the export goods are stored at the bases in lots, the account reflects each lot of goods. A lot is considered to be the volume of goods accepted under a single certificate of acceptance.

Underlying the accounting of the balance of export goods, are railroad bills of lading, certificates of acceptance of goods from railroads, and certificates of release-acceptance of goods of the buyers. The accounting of the balance of export goods in foreign trade agencies is linked with contract accounting. This balance emerges as the difference between the volume of goods according to certificates of acceptance and the volume of goods according to certificates of release-acceptance, reflected in the operational account; the date of the storage of goods in the warehouse is considered to be the date of the certificate of acceptance, and the date of release from the warehouse is considered to be the date of the certificate release-acceptance. Periodically the border Avtovneshtans bases transmit information about the physical availability of goods to the appropriate agencies. Through this information, the agencies clarify the data contained in their own accounting of the balance of export goods at the border stations of the USSR.

In connection with the accounting of the balance of goods, which is conducted at the Avtovneshtans bases, it is necessary to note one of its peculiarities. That fact is that in many stations at the borders of above-mentioned countries, between the bases (where the goods are stored) and between points of release of goods to foreign buyers, there are in certain cases, considerable distances, which are covered by motor transportation.

In this manner, the gap in time between the release of goods from the warehouses of the border bases and their delivery to the foreign buyer, i.e. of their shipment out of the country, is an actuality. But this gap doesn't play any considerable role, since operational accounting is conducted on the basis of certificates of release-acceptance of goods, which are signed by the buyers upon receipt of the freight and consequently, by the time of accounting registration by the foreign trade organization, these goods are already abroad.

The Accounting of Commodity Exports

The export of commodities abroad is one of the most important stages in the activity of the foreign trade export organizations, which determines all of their other activity. All the practical activities of the export organizations is directed at the export of goods, including measures conducted by them for the receipt of goods for export and their sale, supervision over the movements of export goods to the ports of shipment and border points of the USSR, the assurance for their transshipment and shipment abroad.

Discharge of the basic obligations of Soviet foreign trade export organizations is completed after the export of goods abroad. Effective with the export of goods, the export plan assignments and the obligations of trade agreements with foreign governments are considered fulfilled. From then on according to general rule, the obligations of foreign trade organizations with regard to agreements of purchase-sale are also considered to have been discharged.

The registration of exports as of the time of their transit across the state border presents a considerable advantage. Due to such a form of registration, it becomes possible to obtain data on exports from operational accounting correctly reflecting its content which is useful for a profound and multilateral analysis of the export trade. This data allows the correct definition of the role and significance of export in the internal economy of the USSR, and in the development of economic ties with foreign countries.

In connection with the problem of the time element in the registration of exports it is necessary to also note the situation where, as a rule, the Soviet Union loses ownership of the goods, exported according

to contract, after their transit across the state border of the USSR. It is agreed, with countries of Peoples' Democracies, by the "General Agreement On the Delivery of Goods," that the ownership, the risk of an accidental loss or accidental damage, and the responsibility for the goods are transferred from the seller to the buyer; in railroad transport - from the time of the transfer of goods from the railroad of the selling country to the railroad accepting the cargo; in F.O.B. and C.I.F. deliveries - from the time the goods cross over the side of the ship, at the port of loading.

Such are the basic conceptions, which determine the methodology of planning and operational export accounting, according to the time of transit of the goods across the state border of the USSR. The basis does not consist of accidental motives, but profound reasoning of a fundamental character. This methodology became established long ago and is successfully applied to the practices of export trade, insuring a correct reflection of it. However, even now one individual worker is still encountered who doubts the correctness of the indicated methodology, and proposes modifications. They consider it necessary to completely abolish export planning and to be limited only to the planning of the purveying of goods for export. In connection with this, they propose to abolish also the operational accounting of exports and to conduct only an accounting of the purveying of goods for export. In their opinion the conduct of such a measure would simplify planning and operational accounting of export, and also would improve the work of the exporting agencies. However, this would not be so. The most detailed examination of suggestions to abolish export accounting based on the time that the cargo crosses the state border and of the arguments substantiating these suggestions, permits one to become easily convinced of their unsound nature.

The planning of the purveying of goods for export, as was indicated above, has the task of insuring the material basis of export. In order for export to develop, goods are needed which may be exported abroad.

Consequently, it is necessary to conduct systematic work concerned with the receipt of goods for export. This work is organized and is directed on the basis of a plan for the purveying of goods for export.

Export planning confronts itself with the task of insuring export abroad and sale of goods for the purpose of obtaining the means to pay for imports. The

composition of the plan is subordinate to this task, which is radically different from the composition of the plan for the purveying of goods for export. The export plan formulates the tasks of the foreign trade organizations, whose activity is organized and directed by the state export plan. Consequently, the abolition of export planning would lead to the refusal by the foreign trade export organizations to be directed by the plan. But if it is impossible to abolish export planning, it may be expedient to combine it within it with the planning of the purveying of goods for export? An attentive analysis of this question shows that, the combination of two types of export planning is not only unsound, but is impossible in view of their different content and purpose. The plan for the purveying of goods for export and the export plan first, have different executives, second, they solve different problems; third, they have a different composition, which places barriers of technical nature against combining them; and fourth, they are compiled in different indices.

As a basis for their proposal, the advocates of the abolition of operational accounting in the export of goods, refer to the fact that in the post-war period rail shipments on through bills of lading have increased considerably. They stipulate that with the use of a through railroad bill of lading effective in international cargo transportation, the necessity and expediency of export accounting based on the time the goods cross the border will become unnecessary; they state that such accounting must be conducted on the basis of time the goods are shipped from the purveying enterprises. However, the presence of a through railroad bill of lading doesn't change the situation. Actually, the agreements between the USSR and the socialist countries regarding international railway freight transportation (CMTC) considerably simplifies the compilation of shipping documents. With this agreement, the export of a majority of export goods, being sent to the indicated countries, is accomplished by through railroad bills of lading at the loading points. But the order in which the freight export documents are compiled is a technical problem, not concerning the nature of export; therefore, its modification can not serve as a basis for the revocation of the established time for the registration of exports in the operational account. Furthermore, transportation of export freight is not carried out by railroads exclusively. A considerable part of it is dis-

patched by water. Cargo is also extensively shipped by motor and air transport. Not all railroad shipments are accomplished on through bills of lading. The interrelation among the indicated types of transportation is such that shipment on through bills of lading is not predominant. The corresponding calculations show that they do not involve even one half of all exports by the USSR. But even if the volume of goods transported on through documents would prevail in export, it would still be impossible to ignore the remainder of the goods. The latter cannot even be considered as exports at the time of their shipment from the purveying enterprises, as at the time of shipment from the place of manufacture or preparation, the counting of destination and the buyer are still unknown for many of them. Naturally, such goods can not be considered as exports until the time they cross the state border of the USSR. But in this case, the existing uniformity of the system of operational export accounting would be violated, this will not lead to simplification but, on the contrary, will considerably complicate it. The consequence of such a complication will be a considerable increase in the expenditure of labor by foreign trade agencies, in connection with planning and operational accounting.

In actuality, at the present time all goods are included under exports upon crossing the state border, notwithstanding the method by which the shipping documents are compiled. This is a clear and definite system which insures a single method of approach to all export goods. However, it will be violated with the adoption of the proposal to modify the methodology of planning and operational accounting. In case this proposal is adopted, it will be necessary to consider goods (approximately half the value of all export) as export upon their dispatch from the purveying enterprises, and the other half from the time of their transit across the Soviet border.

In this manner, with the compilation of the plans, it would be necessary to separate the export goods into two approximately equal groups, the determining factor for this separation would be the method of compiling the cargo documents. With regard to the group of goods which will be sent on through bills of lading, the export planning will cease. With regard to the other group of goods, it will here be necessary to continue the compilation of plans, as at present, such as the plan for the purveying of export goods and the

export plan. Thus the violation of the existing system of export planning will lead to a serious complication of the task of compiling plans. The corresponding changes will occur also in operational accounting of commodity exports. A portion of the goods, the value of which will comprise close to half of the value of total exports, will be accounted for as exports from the time of shipment from purveying enterprises i.e. long before the goods will cross the border. The other portion will be accounted for as exports, as previously, after the goods have crossed the border. The result of all this will be the disappearance of the only basis for the calculation of export data, the nature of export will change, and export will no longer mean the export of goods abroad. It is hardly possible to consider the changes in planning and export accounting, which lead to such results, as a simplification or an improvement of the planning and accounting activities of the foreign trade organizations.

Under present conditions the export-import agencies, attempting to achieve the timely fulfillment of export obligations, insure the control over the actual time of the actual export of goods abroad and register that time. The result of such a control is that the time of the export of each given lot of goods and the aggregate of all the goods, exported abroad within a determined period of time (within a month, a quarter, half a year, a year), is always known. This makes it possible to obtain data on the extent of the actual diminution of the material wealth of the country due to the export of goods. Along with this, the implementation of control over the transit of goods across the border is instrumental in accelerating the fulfillment of export obligations. In the process of conducting such control, the foreign trade organizations adopt measures to speed up the export of goods abroad. In case of modification of the existing methodology of planning and of the operational export accounting, the indicated functions of export-import agencies will cease and control over the time of the actual export of goods abroad will be made harder.

The revocation of control over the transit of goods across the state border of the USSR will have a negative effect on the quality of work by Soviet foreign trade organizations in the fulfillment of export deliveries. In case of the revocation of such control the all union agencies will lose one of the important incentives in the struggle for organizational improvement

and the raising of the standard of work in the matter of export of goods abroad. At the present time, the export-import agencies, concerned with the timely and exact fulfillment of assignments of the state plan and of the obligations under trade agreements and purchase-sale contracts, are striving to distribute export orders to enterprises which are closest to the exit points of the USSR. By doing so, they first of all speed up the fulfillment of the indicated assignments and obligation; secondly, they raise the profit margin of export activities. The agencies assure the control, not only over the timely shipment of goods from the purveying enterprises, but also over their transit to the exit points and their shipment abroad.

The above considerations, show quite adequately the unsound nature of the proposal to change the existing methodology of planning and operational export accounting. Concrete problems linked with the practice of implementing this methodology will now be examined.

Export goods are shipped abroad across land, water and air borders. In the process of transfer across the border, the goods undergo a series of operations, control on behalf of the state is implemented to insure observance of the rules regarding the export of goods, the condition of export cargoes is checked, freight is released to foreign shippers and so on. The execution of documents also occurs in the course of the indicated operations. The conditions for the shipment of goods across land, water and air borders vary. Some peculiarities of operational export accounting are associated with these variations. In the case of carriage by land, the time of transit of the export goods and their release across the border of the USSR, coincides with the transfer of responsibility for the cargo from the Soviet transporter, to the foreign transporter. This circumstance is reflected in the shipping documents or in some other document. According to the conditions of carriage by land, the export cargo may cross the border only once, i.e. a single act takes place, the commission of which is attested to by transporters of the goods. For accounting purposes, a document is used, which certifies the transfer of responsibility for the cargo from the Soviet transport organization to the foreign transporter. The problem lies in the fact that the timely delivery of the document or its copy or a certified extract to the accounting unit must be assured.

Conditions for the transit of goods across water boundaries differ considerably from conditions of transit

across land borders. Transporters receive export goods at ports, i.e. before the goods cross the state border. As a result, a situation arises where the time of delivery of export goods for transport does not coincide with the time of their transit across the border. We must add that there is no special registration for goods crossing water boundaries. Therefore, no documents mark such crossings. It is also necessary to keep in mind that export goods can cross water boundaries two or more times. This occurs when a vessel, transporting the goods, is loaded in two or more ports. In such case the export goods, loaded in the first Soviet port, will actually make as many border crossings as calls by the vessel in its course before reaching its destination. Under these conditions, there are difficulties concerning the registration of goods crossing the border. It becomes necessary, therefore, to establish other regulations for the registration of exports, differing from regulations governing the land borders. Such regulations must reflect the existing conditions of the work in the export of goods by water. Taking this into consideration, the export of goods by water is registered at the time of sailing of the ships from Soviet ports abroad.

Air transportation takes place under its own peculiar conditions of border crossing. Of course, just as in the case of water transport, there is no registration of goods crossing borders by air transportation. Information on the export of goods comes from airfields situated within the country. Therefore, exports may be registered some time before the goods actually cross the state border. It is evident from the above, that the times of transit of the goods across a border cannot always be registered in accounts. The registration of exports, however, takes place shortly after such transit and close to the border. Therefore, the agreement regarding the accounting of exports at the time of the transit of the goods across the border is not violated. Considering the above it may be said that the registration of the export goods is made as follows: in railway transportation - at the time of the physical transfer of export cargo to the foreign railroads, in motor transport - at the time of the physical release of the cargo to the foreign buyers, in shipment by water - at the time of the ship's sailing abroad with the export cargo, in air transportation - at the time the aircraft departs abroad, in shipments by

mail - at the time the parcel is surrendered at the sender's post office. Ships and other sailing conveyances which follow their own course, are reflected in exports according to the time they make the actual delivery into the possession of the buyers.

The time of the transit of goods across the state border of the USSR is reflected in the corresponding shipping documents, and in other documents. In view of this, the date of the goods' passage across the border is considered to be the date on the document, which serves as the basis for the accounting registration. In operational export accounting, therefore, the export date of the cargo is considered to be: in the case of railroad transport, the date of the stamp of the border railroad station of the buyer's country or of the transit country as indicated on the railroad bill of lading; in the case of motor transportation, the date of the certificate of release-acceptance of the goods, compiled at the border transfer point of the USSR; in the case of maritime transportation, the date on the bill of lading initiated at the Soviet port of shipment; in case of river transportation, the date of the inland water way bill of lading, initiated at the Soviet port from where the vessel sails abroad; in cases of air transportation, the date indicated on the cargo receipt, issued by the airfield originating the flight; in cases of postal shipments, the date of the stamp on the postal receipt, issued by the postal institution which accepted the parcel; in cases of transportation by vessels and other sailing conveyances which follow their own course, the date of the certificate release-acceptance signed by the representatives of the seller and the buyer.

In order to complete the picture, it is necessary to add that in certain cases the date of the document does not coincide with the date of the actual export of the goods abroad. The reason for this lies in the fact that, as a rule, the compilation of shipping documents precedes the actual departure of vessels and other transportation conveyances. This is associated with the conditions of transport work, which require a maximum curtailment of time between the completion of loading operations and the departure, for instance, of a vessel on its voyage. As a result of this, the execution of the documents is usually carried out simultaneously with the loading of goods, in order to reduce anchorage to a bare minimum, upon the completion of loading operations. However, the gap between the date

on the documents and the date of the actual departure of the vessel for abroad, is not significant. This gap usually does not exceed the time which is required for the forwarding of the documents to where the accounting registration takes place. On the basis of this, the necessity of correcting account entries is eliminated, for at the time of their commission, the goods are undoubtedly abroad.

The cited methodology of operational export accounting is applied to both goods of domestic origin as well as foreign goods, brought into the Soviet Union and exported abroad after processing (or without having been processed). All of these goods cross the state border of the USSR, therefore, they are all liable to the same registration regulations. However, the commodity turnover of the Soviet government also includes goods which became property of the USSR abroad and were shipped from one country to another, without being shipped into the USSR. In order to reflect these goods in operational accounting a methodology which differs from the one described above is applied, it differs in that the goods are not considered as having crossed the border of the Soviet state. The goods which are shipped from one country to another are reflected in exports, as well as in imports, from the time of their shipment from the enterprises or from the ports of the seller country. The date of export of these goods is considered to be the date of the shipping document, which is compiled at the point of shipment.

The operational export accounting is conducted in the registers of contract accounting and in commodity registers. Commodity accounting is associated with contract accounting. Data on the fulfillment of export plans and trade agreements is drawn from commodity registers. This data is developed according to the same indices as the plans and commodity lists of the agreements.

The basis of export accounting is the shipping and cargo documents: bills of lading, railroad bills of lading certificates of release-acceptance, bills against foreign buyers, specifications and others. If the transmission of documents takes a considerable period of time (more than 48 hours), then export registration is conducted through telegraphic notifications from Soviet ports and border points, and in cases of shipment of goods from one country to another on the basis of telegraphic notifications from the sellers.

The Accounting of Goods, Sold after Export Abroad.

An overwhelming majority of export goods is exported to foreign countries after sale i.e. after the conclusion of sale-purchase contracts between foreign partners and Soviet foreign trade organizations. With the export of these goods, the problems of the exporting organizations are materially simplified. These problems consist mainly of appropriately documenting the goods shipped abroad, of transferring those documents to the purchasers and of obtaining the established payment for the goods. Correspondingly, the problems of operational export accounting are also simplified, which basically reduced to export registration and to see that payment for the goods is received.

However, a certain portion of the export goods is exported abroad before sale. The problems of foreign trade organizations with the export of such goods are greatly complicated. The location of buyers and the conclusion of sale - purchase contracts become the main concern of the export-import agencies when they export goods which have not been sold in advance. The problems of operational accounting are also complicated; the necessity arises to supervise the goods, which are to be sold after their export abroad.

The export of goods, which have not been sold in advance in the USSR is made to the following locations: first of all, to the consignment warehouses, for sale through agents, second to showrooms, for display and sale, to private or leased warehouses of the foreign trade organizations, for direct sale to the buyers. The problem of operational consignment accounting consists of the agreements, and of controlling the movement of goods being sent to overseas warehouses.

Operational consignment accounting is linked with the delivery-order accounting for export goods. The accounting of the trade commission contracts is conducted in special registers. These registers are made in accordance with the requirements which stem from the contents of the contracts. The accounting is organized in such a way as to reflect individually in the register, the progress and the fulfillment of each contract. The following items are reflected in the accounting registers: the date and number of the contract, the amount of the contract and the dates of consignment, the date and number of the delivery order; designation of the goods, the quantity and deadlines of the delivery

order, date of shipment of the goods from the purveying enterprise, number of the railroad bill of lading and the number of copies dispatched, date of receipt of the goods at the port of departure or a border point of the USSR, date of export of the goods abroad, the number of the shipping document and the name of the transporting conveyance, date and number of the formal bill of all-union foreign trade agency and the amount payable, date of arrival of the goods at the consignment warehouse and the number of the notification advising the consignees of the fact, the date and number of the sale-purchase contract involved or of the bill against the buyer and the amount payable on the final bill of the export-import agency. When necessary, it is possible to compute the following from the data of the Trade Commission Contract: accounts: the balance of export goods designated for consignment en route to the shipping ports and border points of the USSR; the balance of goods at ports and border points; the balance of goods in transit abroad; the balance of goods in consignment warehouses.

The basis of accounting of the sale of goods through consignees abroad are the following: Trade Commission contracts; delivery orders; railroad bills of lading; export cargo acceptance certificates of the shipping ports; notifications by the border points concerning the arrival of goods; notifications by border points concerning the transit of goods across the border; bills of lading; formal bills; notifications from consignees regarding the arrival of goods and the conclusion of sale-purchase contracts; final bills of the export-import agencies against the buyers.

Foreign buyers acquaint themselves with the quality of Soviet machinery and equipment by means of show-rooms, established in a series of countries. These show-rooms receive automobiles, tractors, agricultural machinery, metal cutting lathes, instruments, appliances and machines for testing, ball bearings, motion picture equipment, cameras and other items. These goods are sold after being displayed.

The accounting of goods, exported abroad for display and sale purposes, is conducted in special format registers. Such accounting is linked with delivery order accounting. The accounting of goods shipped to show-rooms, reflects the following: the date and number of the delivery order; the designation of goods; the quantity; the deadlines for delivery; the shipment of goods by the industry (date and number

of the railroad bill of lading, number of copies;) the arrival of goods at the shipping port or a border point of the USSR; the export of goods abroad (date and number of the bill of lading, name of the transporting conveyance), receipt of the goods at the showroom (date and the number of the notification of the foreign government); sale of the goods (date and number of the bill against the buyer, amount of the bill. From the data of this account, it is possible to obtain information regarding the amount and the nature of goods sold after display in the showrooms; as well as information regarding the balance of goods in transit across the USSR, designated for display; information regarding the balance of goods in ports and at border points of the Soviet Union and the balance of goods in transit abroad and the balance of goods in showrooms.

The accounting of goods, sold after display in showrooms, is based on the following: delivery orders; railroad bills of lading; certificates of cargo acceptance by shipping ports; notifications from border points of the USSR concerning the arrival of goods; bills of lading, formal bills; notifications from representatives abroad about the arrival of goods to the showrooms and about their sale; bills against foreign buyers.

Pelts and fur goods are exported abroad for sale from the warehouses. Batches of furs, prepared in the appropriate manner, are shipped to warehouses abroad. A specification is compiled for each lot, and it accompanies the lot up to its arrival at the warehouses abroad and of its sale. A detailed designation of the type of the fur being shipped appears in the specification. It also contains data regarding: the bundle numbers; the assortment of pelts (sizes, types, defects) the quantity of pelts in pieces (hides) and in the number of heads with an indication of the percentage of the total price; the gross and net weight. A serial number as well as an order number is assigned to each specification, in order to designate each lot of fur.

The order number serves as an indication of the cargo location in the transportation of pelts.

The fur being shipped to foreign countries is accounted for from the time of shipment of each lot abroad, the fur is under supervision until its sale and release from the warehouse. The accounting of fur which is sold from warehouses abroad, is conducted in special format registers. These registers reflect such indices as the following: the date of shipment of

the fur to the warehouses abroad; the name of the vessel or the number of the freight car; the number of the bill of lading or of the railroad bill of lading; the number of the specification and the order number; the designation of the applicable log; the amount shipped (in pieces and heads); the value of the shipped furs according to a preliminary estimate; the date of arrival at the warehouses abroad; the date of the advance sale; the value according to the sale price.

The basis of fur accounting, sold after export abroad, is the following: delivery orders; bills of lading; specifications; notifications by representatives abroad regarding the arrival of fur at the warehouse; and bills against foreign buyers.

Re-Export Accounting

The development of foreign trade in the USSR occurs on the basis of domestic goods. However, some goods of foreign manufacture play a role in Soviet export. The foreign trade organizations of the Soviet Union, beside exporting domestic goods, also re-export goods of foreign origin. Re-export is understood to be the export of goods from the country into which they had been previously imported from abroad. The practice of Soviet foreign trade and operational re-export accounting includes the direct export from seller countries to buyer countries of goods manufactured abroad, which became the property of the Soviet Union abroad. Re-export stems from conditions which arise in the course of foreign trade.

The re-export of goods manufactured abroad is carried out by two means. One portion of the goods (the less significant) is brought to the Soviet Union, and is then re-exported to foreign countries without being processed or after being processed, if that is considered necessary. These goods are considered as imports and exports as they cross the state border of the USSR. Therefore, their operational accounting does not differ from the accounting of goods manufactured abroad and bought for consumption inside the country, and of domestic goods exported abroad for sale. The other portion of the goods (the more important one) designated for delivery to third countries, is not brought into the USSR but is directly sent to the buyer countries, bypassing Soviet territory. Operational Accounting of this portion of the goods has its own peculiarities which

are discussed below.

The organization of the operational accounting of the delivery of foreign-made goods from the countries of sale directly to the buyer countries, and the method of their reflection have their own peculiarities; these stem from the conditions of the conduct of these deliveries. One of the important peculiarities of this type of delivery, which has an important meaning for organization of the operational accounting, is the fact that the commodity operations are conducted outside the territorial limits of the USSR. The goods designated for the fulfillment of the indicated deliveries are obtained abroad in certain countries, and are transported to other countries, without being shipped to the Soviet Union. Another peculiarity of shipments from certain countries to others is the fact that possession of goods by the Soviet government is obtained and released to other countries almost at the same time, i.e. with a short gap of time. In conformance with the contracts, the indicated goods are delivered free on car border railroad station or F.O. B. port of seller's country. The receipt of goods from the suppliers and their delivery to the buyers is conducted by means of the transfer of the shipping documents. The documents come into the possession of Soviet foreign trade organizations after payment for the goods, and are released by the organizations to the buyers against the payment of the appropriate sum.

The indicated peculiarities of the delivery of goods from certain countries to others are reflected in the organization of operational accounting. Due to these peculiarities, it becomes possible to conduct a simultaneous registration of these deliveries as import and export of the USSR on the basis of the same cargo documents. The problems of accounting are considerably facilitated by this circumstance, and the accounting, linked with the registration of the volume of trade, is curtailed.

Operational contract accounting on the re-export of goods does not differ from contract accounting on goods which are obtained for consumption within the country, or on domestic goods sold abroad. Nevertheless, accounting of the import and export of goods, which are shipped from one country to another, has its own peculiarities. The goods which come into the USSR's possession abroad and which are shipped into third countries (or which are stored pending shipment into third countries), are reflected simultaneously as import and export. The basis of the accounting of these

goods are the following: railroad bills of lading, bills of lading, inland water way bills of lading, certificates of receipt-release, bills, telegraphic notifications from representatives abroad and other documents. The receipt and release of goods, which are obtained abroad, for delivery to third countries (without being brought to the USSR) are conducted on the condition of free means of conveyance seller's country. Fulfillment of the agreement obligation regarding the receipt and release of goods is established on the basis of the shipping documents. As a result, the date of import (export) of the indicated goods, is considered to be: in cases of railroad transportation - the date of the railroad bill of lading; in cases of maritime transportation, the date of the ocean bill of lading; in cases of river transportation, the date of the inland water way bill of lading; in cases of delivery on the spot, the date of the certificate of receipt-release of goods, which is compiled by the purveyor and signed by the representative of the buyer of the Soviet foreign trade organization.

The distribution of goods (transported from one state to another without coming into the USSR) among countries is carried out by the following means: the import is indicated by the country from which the goods are shipped. The export is shown by the country into which the goods are delivered. The accounting of goods which have passed into the possession of Soviet trade organizations overseas and shipped into third countries without coming into the USSR, is technically linked with contract accounting.

Geographic Distribution of Exports

In order to study export trade and for economic direction, it is necessary to have data on the degree of development attained in export by countries; it is also necessary to know about the characteristics and peculiarities of its commodity structure. This data is widely used as a base in export planning; it is used in the distribution of goods among the countries, i.e. in the work connected with the fulfillment of plans. It is impossible, without reliable data about where and to which countries the goods are exported, to solve operational problems which are linked with the advance sale of goods, i.e., it is impossible to conduct effective

work regarding the distribution of exports abroad without such data.

The reflection of export operations, in order to obtain data, useful for a profound study of the state and development of Soviet exports into each individual country and into all countries as a whole, is the most important task of operational foreign trade accounting. It becomes possible to obtain this data if a proper distribution by countries of goods exported overseas is insured in operational accounting. In connection with this, a great importance is attached in this type of accounting to problems of the geographic distribution of the USSR exports abroad, and to its actual destination to the countries. In the organization of accounting, the documented basis of the distribution of goods to countries is first of all taken into consideration, and measures are undertaken to insure the periodic influx of documents which contain the necessary information. Secondly, methodological basis of export accounting by countries are worked out, as well as practical directives for their realization. As a result, the country of destination of every separate lot of export goods finds its proper reflection in operational accounting, and it becomes possible to obtain from it reliable data about USSR export to various countries.

A study of export is of great interest to the economic direction of export trade of the USSR and to its proper progress of interest is the study of export: first, to countries where sales of export goods are made; second, the study of countries to which these goods are directed; third, the study of countries which use them; fourth, the study of countries with which trade agreements are concluded. The country where the sales of export goods are made is understood to be a country where a foreign buyer is always present. The country where the goods are addressed is the country into which the goods are initially shipped. The country of their use is the one in which the goods are used or processed. The country of the trade agreement is the one into which goods are exported on the basis of established trade quotas.

In the practice of Soviet export, the four indicated types of countries of its destination usually concur. This is understandable since the Soviet Union sells, almost exclusively domestic goods. This sale is accomplished through Soviet foreign trade organizations and on the basis of obligations which stem from

trade and other agreements concluded by the USSR. However, occasionally some of the indicated countries do not coincide; it becomes necessary then, to study separately export in the above mentioned directions.

The analysis of export trade to countries, where the sale of goods is made, yields valuable information regarding the countries among which Soviet exports have been distributed. This information is widely used in the operative work in planning and in actual distribution of goods among countries. This data is necessary for the assignment of Soviet foreign trade organization agents to various countries; this data is also needed in the compilation of payment and account balances. The study of countries to which the goods are addressed is necessary mainly in order to reveal the flow of goods in foreign trade, of their volume and trends; this study is also needed in the planning of foreign trade shipments and at the time of their actual realization.

It is impossible to conduct effective sales of export goods, if the operative executives and directors of foreign trade organizations are ignorant of or know little about which countries and which firms buy and use Soviet goods, as well as competing goods of foreign origin. Systematic supervision and analysis of export helps to reveal individual export consumers and to establish commercial ties with them.

It is known that the predominant part of Soviet export is conducted today, on the basis of bilateral agreements with foreign states. In connection with this, the distribution of export goods to trade agreement countries, acquires importance. The problem consists of systematically revealing what goods, in what quantities and values are delivered on the basis of every trade agreement. This data is necessary not only to check the course and fulfillment of established trade quotas, but also for the building of correct program for trade relations for the next contract term.

Systematic study of export in all of the four above points, plays an important role in the solution of economic problems of Soviet foreign trade organizations. In connection with this, the registration of export operations in operational accounting is conducted in such a way as to obtain reliable facts about export by countries, necessary for the direction of the economic activity of foreign trade organizations.

However, the collection and processing of the conglomerate data about export on all four points, is a

complex and difficult matter. The fundamental difficulty consists of the fact that the export statements of accounts are seriously complicated and expanded. In addition to that, beside the fact that such statements are difficult to use in practice due to its volume, it calls for additional labor expenditure on behalf of accounting workers. Therefore, the exports of the USSR are elaborated in some cases only by the sum total of trade with countries in monetary terms and in certain important goods in the natural and monetary terms; in other cases by the sum total and by fundamental groups of goods in tons; and finally, in the sum total in monetary terms and by countries and goods, as well as by goods and countries in the natural and monetary terms.

The elaboration of the aggregate data on exports to countries of sale is carried out on overall totals and, by the form of settlement in monetary terms (means of delivery), and exports with settlement in freely convertible currencies, and in the most significant goods data is elaborated in natural and monetary terms. As a whole, in entire export of the USSR, the data is systematized, in general totals, by countries of contract agents and by aspects of delivery and also by currencies and by countries. The information according to countries where the goods are sold is used in planning and actual distribution of export by countries, in the solution of operational problems linked with international accounting, in planning and the actual realization of receipts in foreign currency and for control over the fulfillment of established plans.

Aggregate data on countries receiving export goods is compiled regarding foreign trade shipments. This data is compiled in tons (in gross weight of goods) by type of transportation; ocean, river, railroad transport etc; information about the distribution of goods among countries and very important freight is also indicated. This data is used in the compilation of transportation plans and for the control over their fulfillment. Soviet export data regarding both countries consuming Soviet goods and countries with whom trade agreements have been concluded is collected. This data is elaborated as follows: by countries in overall totals in monetary terms; by countries and goods as well as by goods and countries and by trade agreement and goods in natural and monetary terms. This data are at the basis of study of Soviet exports, of its volume and the designation of goods for the USSR as

a whole and by separate countries. They are used in the planning of export and in the actual distribution abroad, and also for control over the fulfillment of the state plan and for the verification of the implementation of the established commodity quotas in accordance with trade agreements.

The proper distribution of USSR exports among countries, is insured in operational accounting due to the fact that in the given form of accounting, fundamental principles are worked out and practical methods for the distribution of goods among countries are worked out (the methods of distribution among countries are worked out, the enumeration of documents, fundamental to such distribution, is established, and the time when the problem regarding the matter of attributing goods to a certain country is resolved.

The distribution of goods among countries where they are sold occurs on the basis of contract data.

The permanent location of the buyer, established according to his legal address, is the determining factor in such distribution. The distribution of goods by seller countries, consumer countries, and trade-agreement countries is effected on the basis of shipping documents, such as bills of lading, railway way-bills, and others. In the distribution of goods to consignee countries, also used are contracts, purchaser notifications, and other documents in which the consumer countries are indicated, and in distributing to trade-agreement countries, the supplier's bills and bank statements.

In practice, the greatest difficulties arise in the distribution of goods in consumer countries. This is connected with the fact that in the case of a number of commodities, at the time contracts are fulfilled the country in which they are to be sent is not known, or there exists doubt concerning the countries of final destination. It is possible that export commodities originally destined for one country may later be re-consigned to another. This especially applies to goods which undergo several re-consignments. Because of these factors the eventual consuming country may be determined, not at the time the contract is executed, but later. Since the receipt of information about a commodity after it has been delivered has its difficulties, the designation of the country of destination is accomplished at the time of executing a contract. After this the question of distribution of commodities by country is not usually taken up again.

The principal condition for correct distribution of exports by country of consumption is the presence of reliable information about the countries for which the export goods are destined. The keeping of an operations account is made much easier if such information is contained in the documents which refer to the execution of contracts, i.e. in the documents which accompany the goods. It should be noted that for the overwhelming majority of commodities this condition is fulfilled since, as a rule, the country to which export goods are originally consigned is usually the same as the country of final destination. However, in the case of some commodities this condition is violated, and then one must have recourse to other sources of information. Such sources of information are, as was indicated above, contracts, which very frequently indicate the country to which the goods are finally destined as well as information about the purchasers of the goods are finally destined as well as information about the purchasers of the goods, and also markings on the goods themselves. But it may happen (and actually does occur) that it is also impossible to get this indispensable information, from these sources, concerning the goods, at the time of filling the contract. In these few instances the country of original assignment is used for the country which will consume the export goods.

CHAPTER SIX

ACCOUNTING OF IMPORT OPERATIONS

The economic activity of foreign trade organizations that are engaged in import operations is directed towards satisfying the needs of the national economy of the USSR for imported raw materials, equipment and machines, foodstuffs etc. Import serves as a supplementary source of resources for developing socialist production and for improving the supply of consumer goods for the population. The import of foreign goods proportionately increases the material resources of the Soviet government, which are utilized to better satisfy the growing needs of socialist society. Imported goods are directed, according to plan, into productive and personal consumption.

The development of the Soviet Union's import trade occurs in accordance with national import plans implemented for one year and for longer periods. The plans contain concrete assignment on the import of goods into the USSR, and define the volume and commodity structure of imports, broken down by country and form of shipment. In import planning the Soviet government proceeds on the expediency of importing, from abroad, various types of raw materials, machines and equipment for speeding up the rate of development of socialist production, and also of various kinds of consumer goods of industrial and agricultural origin, with the goal of satisfying more fully the material and cultural needs of the Soviet workers. Also taken into account is the problem of broadening, on all fronts, the USSR's collaboration with the socialist countries in the area of the most rational utilization of economic resources and productive capacities by coordinating the development of various branches of the national economy, specialization and cooperativization of production. The problem of developing economic relations with other countries on a mutually profitable basis is also taken into account. Plans for supplying goods to the national economy that reflect the problem of purveying to various branches of the country's economy goods imported from abroad are also worked out along with the import plans. In these plans the distribution of im-

ported goods by consumers is determined. The import operations of foreign trade organizations is developed according to the indicated plans.

In the process of fulfilling the National plans the foreign trade organizations enter into economic relations with Soviet purchasers, for the purpose of supplying them with imported goods, and with foreign suppliers for the purpose of acquiring the necessary goods from them. At the basis of the economic relations with Soviet purchasers are the assignments of the import plans and the plans for distributing the goods to consumers. Economic relations with foreign suppliers are based on commodity quotas of trade agreements, and on obligations arising from sale-purchase contracts.

The operational activity of foreign trade agencies, associated with import, begins with the examination and acceptance of statements for import goods which come from Soviet purchasers. The import statement constitutes a request on the part of the domestic purchaser for the delivery to him of goods which were allocated in the import distribution plan. After the statement for imports has been confirmed by the all-union export-import agency, it acquires the power of an agreement, and further economic relations between the foreign trade organization and the purchaser are regulated by it. Import statements are one of the objects of the operational accounting of foreign trade.

After the acceptance of the purchaser's import statement, the conditions are created under which the foreign trade organizations begin the accomplishment of the practical task of distributing imports abroad. The distribution of imports abroad means the issuance of orders and the signing of contracts for the purveyance of machines and equipment, raw materials, foodstuffs, etc. from foreign markets. The realization of Soviet import operations proceeds under the conditions established by sale-purchase contracts concluded between the import-export agencies and their foreign agents. The role of these transactions is most important. The transfer of property rights to commodities in foreign trade turnover of the USSR proceeds through the fulfillment of the obligations undertaken by parties to the sale-purchase contracts. The contracts define the sphere of the parties' obligations, the realization of which is mandatory in order for the imported goods to become the property of the purchaser. In view of this the accounting of import contracts is an indispensable condition for

the proper functioning of foreign trade organizations conducting import operations.

A series of important consequences for the foreign trade agencies are associated with the conclusion of a contract. After signing the contract, the export-import agency takes suitable measures in appropriate cases to assure the incorporation of inspection measures in the production process of the goods ordered, acceptance of the goods (after manufacture) and their shipment from the USSR. For these purposes it sends its inspectors to the seller's enterprise, makes certain that the means of transportation are available as needed, assures the necessary conditions for the reception of the goods at the points of arrival. The fulfillment of a number of important import obligations is connected with the shipment of foreign goods into the Soviet Union from abroad: the execution of commodity quotas according to the trade agreement, the fulfillment of the sale-purchase contract, and others. The acceptance of goods from foreign suppliers and their shipment from abroad into the USSR represent important accounting objects in the operational accounting of foreign trade.

Imported goods, from the time of their shipment into the Soviet Union receipt of the shipping documents, come under the jurisdiction of export-import agencies. Henceforth the problem of the further movement of the imported goods is a responsibility of these agencies. They supervise the timely arrival of the goods at designated points, undertake measures, when necessary, to speed up their delivery to the USSR, concern themselves with receiving and delivering import permits to border customs stations of the Soviet Union, etc. As a result of the introduction of a whole series of measures by the foreign trade organizations, the import takes place, i.e. the import of goods, provided for by the national plan into the USSR, is guaranteed. The import of goods is the major phase in the movement of imports from foreign suppliers to Soviet customers. Related to the import of goods into the USSR is the fulfillment of the basic obligation of foreign trade organizations: the assignments of the import plan. The import of goods constitutes an important subject of foreign trade operational accounting.

At points of entry into the USSR transshipment of imported goods take place. In the transshipment process at ports and border points the goods are sometimes stored

in a warehouse, where they remain for a period of time. The balanced goods at ports and border points of the USSR represent one of the objects of operational accounting.

Imported goods arriving in ports and border points are shipped to domestic purchasers in the order of their arrival. The shipment of goods from ports and border points is associated with the fulfillment of the plans for supply of goods to the national economy. The delivery of goods to Soviet purchasers (the shipment from ports and border points) also constitutes a subject of foreign trade operational accounting.

Thus the subjects of operational import accounting are: import statements of Soviet purchasers for equipment, raw materials, foodstuffs and other commodities; import contracts (sale-purchase contracts, orders, transactions); acceptance of goods from foreign suppliers; shipment of goods within the USSR; goods en route to the USSR abroad; import of goods into the Soviet Union; balance of goods stored in ports and border points; delivery of goods to Soviet economic organizations.

Problems of import statement and contract accounting are discussed in Chapter 4. Next we examine the problems relating to the remaining objects of import operations accounting.

Accounting of Goods Accepted from Foreign Suppliers

A significant part of the import goods purchased in capitalist countries, according to the contract terms, is subjected to inspection during the manufacturing process at the suppliers' enterprises, and after manufacture is subjected to tests, and accepted. This primarily applies to machinery and equipment. The work described is performed by specialist cargo checkers, who are sent to the suppliers' enterprises by the all-union export import agencies.

The specialist cargo checkers supervise the progress of manufacture of the goods ordered and regularly forward to the agencies so-called "Inspection Reports" which serve as a source of information regarding the processing stage of the orders. After the manufacturing process the indicated specialists conduct tests of the products to determine their correspondence to the contract terms and accept them only if the tests are met.

The cargo checkers compile test records and acceptance certificates. Next, permits for their shipment to the USSR are made up. The test results and the acceptance certificates are sent to the corresponding export-import agencies. Simultaneously telegraphic notifications of acceptance of the goods and the issuance of permits for their shipment to the USSR are forwarded. The telegraphic notifications of the cargo checkers serve as a basis for the issuance, to ports and border points, of orders for the shipment of the goods to domestic purchasers; they are also used for recording in accounts.

Operational accounting of equipment, machinery and other goods accepted from foreign suppliers is conducted in the contract accounting registers on the basis of telegraphed notifications and the acceptance certificates. Entries, showing the acceptance of the goods are made in the registers together with the date and the number of the certificate. Data regarding the manufacturing progress of the goods and the test results, contained in the "Inspection Reports" and the test records, is used for operational purposes, but are not entered into accounting registers.

Accounting of Goods shipped in the USSR

Goods produced at the foreign suppliers' enterprises on the basis of orders from the export import agencies and accepted by Soviet cargo checkers are delivered to exit points of the sellers' country for further transshipment to the USSR. Delivery of the goods to exit points is a responsibility of the seller, who also bears the associated costs. The all-union agency, however, concerned with the accelerated delivery of the purchased goods, demands from the seller regular information regarding their movement.

According to the contract terms, the seller forwards to the export import agency a notification regarding the shipment of each lot of goods from the manufacturing enterprise, and regarding their arrival at the appropriate exit point. The notifications contain the following: nomenclature of the goods; date of shipment (as well as the date of arrival); designation and number of the means of transportation by which the goods were shipped; the quantity; destination (as well as the arrival point). On the basis of the sellers' notification the all-union agency maintains

supervision of the timely shipment of the accepted goods from the enterprises and over their arrival at the exit points. Operational accounting of the balance of import goods remaining in country of purchase is also based on this information.

According to the terms of the contract, the seller concerns himself with the shipment to the Soviet Union of goods delivered to exit points of the seller's country. The supplier assures the loading of the goods onto the means of transportation provided by the export-import agency or chartered by himself, as well as the delivery of the shipping documents. After the shipment of each lot of goods for the USSR the seller sends telegraphic notifications to the all-union agency to that effect and forwards the bill with copies of the shipping documents, specifications and other documents by mail. Telegraphic notifications are not infrequently dispatched by the Trade Agencies of the USSR abroad.

As a rule the transfer of property rights to the goods to the export-import agencies is associated with their shipment in the USSR. The contract usually contains detailed directions regarding the determination of the time for shipping from the seller's country to the Soviet Union. According to the terms of the contract, import goods are considered as shipped in the USSR, in sea-borne shipments after the goods are loaded on board the vessel and the bill of lading is received; in rail, motor and river shipments -- after the transit of the means of transportation bearing the goods across the border of the seller's country; in air shipments -- after the goods are loaded on board the aircraft and receipt of the airport freight receipt; in mail shipments -- after delivery of the goods to a post office of the seller's country and delivery of a postal receipt.

Operational accounting of import goods shipped in the USSR is handled in the contract accounting registers, and in commodity registers. The volume and value of the goods shipped in the USSR is determined on the basis of register entries. The balance of import goods remaining in the seller's country are also determined on their basis. The balance of goods is the difference between the volume of goods sent from the supplier's enterprise and the volume shipped in the USSR. The account data is used for verifying the fulfillment of obligations stemming from the terms of the trade agreements with foreign governments. They are worked out according to the same indices as the commodity lists of the trade agreements. Entries in

the registers are made on the basis of telegraphic notifications by the foreign suppliers or trade representatives of the USSR abroad, concerning the passage of the goods across the borders of the sellers' countries or their shipment by sea, and on the basis of bills of lading, railroad way-bills, bills, specifications and other documents.

Accounting of the Import of Goods.

As a rule the obligations of foreign contractors, according to contracts, are considered discharged after the shipment of the ordered goods to the Soviet Union. From the moment the import goods are shipped to the USSR and payment for them has been made, property rights on them pass over to the Soviet foreign-trade organizations which signed the contracts. At the same time they become responsible for the further shipment of the goods and their delivery to the purchaser. With the arrival of the goods to the territory of the Soviet government, the work of the foreign-trade organizations in the fulfillment of the assignments of the national import plan is completed.

Import goods are delivered to the USSR from countries having a common border with the Soviet Union, and from countries not having such a border. They arrive across land, water and marine borders. Depending on their origin (countries of origin) the import goods arrive and where (at which borders) they arrive, various demands, arising from the conditions of economic work, are made on operational accounting.

Goods sent from states bordering on the USSR through points situated along the common border arrive on Soviet territory directly after their shipment from the exporting country. There is no time gap observed with regard to these goods between their shipment from abroad and their arrival in the USSR (their shipment and arrival coincide). Hence, the two stages in operational import accounting, e.g. the shipment from abroad and arrival into the country are reflected simultaneously in a single document.) The document used for operational accounting entries is usually the shipping document with an acceptance endorsement by the Soviet transporter. But this is possible only with relation to goods comprising, on the whole, not much more than half of all Soviet imports. The other half of imported goods arrives in the USSR

from countries with which the Soviet Union has no common frontier. Moreover, a substantial part of goods arriving from countries bordering on the Soviet Union are also sent through points which do not lie on the common borders; this depends, in particular, on the proximity of the enterprises manufacturing the export product to the corresponding exit points, and to the excess of cargo traffic in either direction.

Goods shipped by countries which have not a common border with the Soviet Union, and goods shipped from countries bordering on the USSR but from points not situated on the common borders, are in transit for a certain period of time after their dispatch. With regard to such goods there is a gap between the date of shipment and the date of arrival in the Soviet Union. During the interval between the two dates indicated the import goods are in transit abroad. As a general rule the gap between the time of the shipment of the goods from seller countries and the time of their arrival in the USSR is insignificant. The time gap usually does not exceed 5-10 days, in some instances, however, it reaches 30 days or more.

Occasionally import goods are subject to transshipment in the transport process, which prolongs the transit period even more. Under these circumstances supplementary demands are made on operational accounting. A need of accounting for the goods in transit abroad arises. The supervision over these goods becomes most important in order to their timely delivery to the USSR. For operational purposes it becomes mandatory to have regular information regarding volume and value of goods in transit, to know when they were shipped, to which Soviet ports or border points they are being sent, when they are being transshipped, etc. Operational accounting is provided with all this information. From such data it is possible to obtain information, for any date, concerning the value of all goods in transit, or the amount and value of each separate commodity, and of the destination of each lot of goods etc. Information regarding the balance of import goods in transit also has important significance for control over the fulfillment of the assignments of the national import plan. Goods in transit abroad are property of the Soviet government, and represent the immediate reserve which may be directed towards the fulfillment of the plan as they arrive.

Operational accounting of goods in transit abroad is linked with contract accounting. The balance of goods

in transit are reflected in commodity accounting as well. Accounting of goods in transit is accomplished in contract ledgers and in commodity ledger. Data on the amount and value of goods in transit is shown as the difference between goods shipped to the Soviet Union, and goods that have arrived on the territory of the USSR. The basis of notifications regarding these goods are bills of lading, railroad bills of lading, telegraphic notifications about the shipment of goods, notifications about the arrival of ships with import shipments -- and other documents.

The recording of the import of goods into the USSR occupies a central place in operational accounting of import activities. Import operations are completed with the delivery of goods onto Soviet Territory, which is what is reflected in operational accounting of foreign trade. The transit of goods of foreign origin across the national border of the USSR is the registered date of import in this type of accounting.

The date of importation, as recorded, is established in operational accounting as a result of the nature of economic import activities and is closely related to them. The recording of imports on this basis yields data correctly characterizing the imports of the Soviet Union which is also useful for multi-lateral analysis of import activities. Import accounting on the basis of the date the goods cross the Soviet border has great importance both for the internal economic turnover of the USSR and for the characterization of economic relations with foreign countries. The actual increase in material resources of the Soviet Union takes place only after the arrival of the goods on Soviet territory. The transit of goods across the border is associated with the influx of supplementary resources into the domestic economic turnover, this is also related to the fulfillment of national import plans. The financial expression of import expenses also changes at the time the goods cross the border; in lieu of being expressed in foreign currency the importing organizations' expenses are then expressed in Soviet currency.

These are basically the considerations which determine the methodology of planning and operational accounting of imports according to the date the goods cross the national border of the USSR. This methodology has been established for a long time and is being successfully applied in the conduct of foreign trade; it assures a correct reflection of imports. Nevertheless, there are workers who doubt its adequacy and propound changes. These workers feel that the planning and accounting of

imports should be conducted on the basis of the date that the foreign goods were shipped from the manufacturing enterprise. Once the commodity is shipped from the manufacturing enterprise, they reason, there should no longer be any objections to considering it as an import item. It is proposed that the date of the international railroad bill of lading be considered as the date of import. They assert that, as a result of such a change in methodology, import planning and accounting will be improved and simplified. An attentive study of the proposals, and an examination of the arguments in their favor, leads to the conclusion that the existing methodology of import planning and operational accounting is proper, and there is no basis for altering it. Let us examine in more detail the problems connected with the methodology of import planning and accounting.

Importing has clearly defined problems and specific demands are made of it. Goods situated abroad do not satisfy these demands, since they are not yet in the direct possession of the Soviet Union; they are only potential resources, since they are already shipped to the USSR and are in a state of transit. Only after the import goods have crossed the border of the Soviet Union is the material wealth of the country actually increased and it becomes possible to utilize them in the national economy. Imported goods are surrendered to domestic purchasers only after they have arrived on the territory of the USSR and thus the national economy actually disposes of them for use by designation.

However, the date of shipment of the import goods from the manufacturing enterprise also performs an important role. It designates a necessary and important stage in the import process, having a great economic significance. Goods shipped from enterprises, especially those which are shipped from selling countries, represent an immediate reserve for the fulfillment of obligations of the Soviet foreign trade organizations to domestic purchasers.

At present, foreign trade organizations, concerned with the promptest delivery of goods to the USSR, assure control over the date of the actual arrival of the goods on the territory of the Soviet Union and record it. As a result of such control the date of arrival of each lot of goods is always known as well as that of all the goods shipped into the USSR over a certain period of time, (month, quarter, year). Due to this it becomes possible to obtain information about the extent of the

actual increase in material wealth of the socialist state resulting from the import of goods of foreign origin. In planning the development of production and in the distribution of supplies to consumers, such information is indispensable.

In the case of carriage by land the date the import goods are transported across the borders of the USSR coincides with the moment that the responsibility for the cargo passes from the foreign transporter to the Soviet transporter. This circumstance is reflected in the shipping document, or in some other type of document. In accordance with terms of land carriage, the import cargoes may cross the national border only once, e.g. a non-repetitive act takes place, the execution of which is certified by the transport organizations responsible for delivery of the cargo. For accounting purposes, use is made of a document which certifies the transfer of responsibility for the cargo from the foreign transport organization to a Soviet transport organization. The task consists of making this document, or a copy of it, or a duly certified extract, available in due time to the accounting unit.

Circumstances surrounding the import of cargo across marine borders differ essentially from those of importing across land borders. The acceptance of cargoes from transporters occurs at ports, hence the acceptance of cargoes takes place after they have crossed the national border, since there is no special registration of the passage of freighters across marine borders. Such registration is accomplished only after the vessel has arrived at the port of discharge. It must also be kept in view that import cargoes, shipped by water, may cross the border twice or more. This occurs when the vessel bearing the goods is directed to two or more Soviet ports for unloading. In such an instance the import goods due to be unloaded at the last port of call have actually crossed the border as many times as there were ports of call. Under such circumstances registration difficulties regarding the transit of goods across the border arise, and it becomes mandatory to establish other import accounting procedures than those used in cases involving the crossing of land borders. In order to simplify accounting entries, the import of sea-borne goods is reflected in operational accounting as of the date the vessel arrives at the first Soviet port of call. All goods on board the vessel are considered as imports as soon as notification is received regarding

its arrival at the first Soviet port of call.

Border crossings in air shipments occur under peculiar circumstances. Naturally, there is no registration of the passage of goods across the border in air shipments. Information regarding the arrival of the imported goods comes from the airports, situated within the country, where the aircraft lands. Consequently, the registration of air shipments occurs somewhat after the time that the goods actually crossed the national border. In the case of shipment by mail the registration of imports is based on the time the package arrives at the addressee's post office. Vessels and other floating means of self propelled transportation, are reflected as import according to the instant they actually become the property of the Soviet government.

As apparent from the above, it is not always possible to register the actual moment that the goods cross the border. However, import registration always occurs soon thereafter and close to the border. Hence the conditions of import accounting based on the transit of a commodity across the national border are not violated.

The date of import is considered to be the date shown on the document, on the basis of which account entries are made as follows: with railshipments -- it is the date stamped by the USSR border railroad station on the railway bill of lading; with truck shipments -- it is the date of the commodity acceptance-release certificate compiled at the Soviet border acceptance point; with river and marine shipments -- it is the date of the actual arrival of the vessel at its first Soviet port of discharge, established through notification received from the port administration; with air shipments -- it is the landing date at the first Soviet airport, recorded on the cargo receipt by the airport administration; with mail shipments -- it is the date stamped on the postal notification of the post office releasing the parcel; with the delivery of vessels and other self propelled floating means of transportation it is the date the national flag of the USSR is hoisted.

The cited methods of accounting apply to goods which are imported for consumption within the country, or for return export abroad. All these goods cross the national border of the USSR, hence identical registration rules apply to them. However, also included in commodity turnover of the Soviet government are goods purchased abroad and exported directly from the selling country to the buying country or delivered to Soviet organizations

for consumption abroad. The method of accounting for these goods are different from those outlined above, since the goods do not cross the border of the Soviet Union. They are reflected as imports according to the time that they are shipped from the enterprises or ports of the selling country, and are registered in operational import accounting according to the date of the shipping document, which was compiled at their place of origin. To conduct the accounting of goods which are exported from certain countries to others, according to the time they cross the border of the selling country, is senseless, inasmuch as all operations connected with them are performed abroad. Goods acquired abroad and delivered to Soviet organizations for use abroad are reflected as import according to the time they are received by the relevant organizations; they are recorded in the accounts according to the date of the acceptance-release certificate compiled at the point where each commodity lot is released.

Operational accounting of import goods is conducted in the contract accounting registers and in commodity registers. Data on the fulfillment of the national plan for the import of commodities are extracted from commodity registers and are worked out according to the same indices as the plan.

The basis of import accounting are the the following shipping and commodity documents: bills of lading, railroad bills of lading, commodity acceptance-release certificates, bills from foreign suppliers, specifications, port notifications and other documents. If it takes over 2 days for the documents to arrive, the import registration in operational accounting is then accomplished on the basis of telegraphic notifications from ports and border points, and in the case of shipments from certain countries to others and the delivery of goods abroad, on the basis of telegraphic notifications from foreign suppliers.

The Geographic Distribution of Import.

The major task of Soviet foreign-trade organizations, conducting import operations, is the proper distribution of imports of the USSR among vendor countries. In connection with this the systematic study of the geographic distribution of Soviet imports abroad is of great importance.

Indispensable for the study of the import trade of the USSR and for economic management is data which faithfully reflects the true import trend, its volume and commodity structure. Such data is assured in operational foreign trade accounting.

The study of import by countries of purchase of the imported goods, by countries of shipment of such goods, by countries of origin and by trade agreement countries is of practical interest for the economic direction of import trade of the USSR and for its proper course. The country of purchase is understood to be a country where the vendor is permanently situated. The country of shipment is a country from which the goods are shipped directly to the USSR. The country of origin is a country where the commodity was extracted, manufactured or processed. The trade agreement country is a country, the import from which is conducted on the basis of established commodity quotas.

In Soviet import the four indicated countries coincide in the majority of cases. This is quite natural, as the Soviet Union purchases goods abroad almost exclusively for consumption within the national economy, through its foreign trade organizations, on the basis of obligations stemming from trade and other economic agreements of the USSR. However, in certain instances these countries do not coincide, hence it becomes mandatory to study the import separately along the courses outlined above.

An analysis of import trade according to countries of purchase of the imported goods yields valuable information regarding the countries selling Soviet import commodities. This information is widely utilized in operational work of foreign trade organizations. A study of the countries of shipment of import goods is mainly needed in order to reveal the flow of cargoes in foreign trade, its intensity and direction.

A study of the countries manufacturing import goods is accomplished for the purpose of revealing economic relations of the Soviet government with foreign countries, which evolve in the process of import. An analysis of import trade according to countries of origin of the goods has great practical significance for the economic activity of foreign trade organizations. It is impossible to adequately perform effective work with respect to the distribution of import commodity orders if it is not known which countries originate these commodities, or from which countries these goods come, which countries manufacture and sell analagous commodities.

At present the major part of Soviet import is based on bilateral agreements with foreign governments. In connection with this the apportionment of import goods among trade agreement countries acquires great significance. The problem consists of systematically revealing the types of goods, the quantities and values of goods supplied on the basis of every trade agreement. Such data is indispensable not only for the verification of progress and fulfillment of the established commodity quotas, but also for the compilation of a proper program of trade relations for the subsequent contract term.

A systematic study of import in all four categories performs an important function in the solution of economic problems of the Soviet foreign trade organizations. In connection with this the recording of import operations in operational accounting is conducted in a manner which makes it invariably possible to obtain reliable import information, indispensable for direction of the economic activity of foreign trade organizations.

The accumulation and processing of the collated data in all four categories is a most complex and difficult matter. The basic difficulty consists of the fact that in this instance the statements of accounts become considerably more complicated and broader. In addition to the fact that it is difficult to utilize such statements in practice, in view of their unwieldiness, it requires an additional expenditure of labor on behalf of the accounting personnel. Therefore, imports of the USSR are determined in some cases only by the total volume of trade with countries, in monetary terms, and in certain important commodities in natural and monetary terms; in other cases -- by total volume and by basic groups of commodities only in tons; or -- by total volume in monetary terms and by countries and commodities, as well as by commodities and countries in natural and monetary terms.

The processing of collated data on imports of the USSR according to countries of purchase of the goods is accomplished on the basis of total volume according to form of payment (types of supply) in monetary terms, and on imports with settlement in freely convertible currencies -- and for the most important commodities in monetary and natural terms. Data on the entire import of the USSR, in general, is systematized in overall totals according to contractor countries and forms of deliveries as well as currencies and countries.

Information in terms of countries of purchase of the commodities is utilized in the planning and actual distribution of imports among countries, in the solution of operational problems connected with international accounts, in the planning and actual payments in foreign currency in the compilation of the payment and account balances for the purpose of controlling the fulfillment of the established plans. Collated data on foreign trade shipments is compiled according to countries of shipment of import goods. This data is collated in terms of tonnage (gross weight of the goods) by type of shipment: marine, river, rail and others, in terms of countries and most important cargoes. They are used in the compilation of shipment plans and for controlling their fulfillment.

Data on the imports of the USSR is compiled in terms of the countries manufacturing the import goods and trade agreement countries, which is processed: by countries in overall totals in monetary terms; by countries and commodities, and also by commodities and countries and by trade agreements, and commodities in monetary and natural terms. This data forms the basis for the study of import trade, its volume and content, in general, for the USSR and in terms of separate countries. It is utilized in the planning and actual distribution of imports abroad, as well as for control over the fulfillment of the national plan and for verification over the discharge of the commodity quotas established in accordance with trade agreements.

The proper distribution of imports of the USSR among countries, in operational accounting, is assured by the fact that in this type of accounting the basic principles and practical methods of such distribution of commodities are worked out, a list of documents, which forms its basis, is established -- and the time at which the goods are attributed to a certain country, is determined.

The distribution of commodities according to countries of purchase is made on the basis of existing contracts. The decisive factor in such distribution is the permanent location of a dealer designated by his legal address.

The distribution of commodities according to countries of shipment, countries of manufacture, and trade agreement countries is made on the basis of shipping documents, such as: bills of lading, railroad way-bills and other. Contracts, notifications from dealers and other documents which indicate the country of manufacture are also utilized in the distribution of goods according to country of origin, and in the distribution of commodities according to trade agreement countries - the dealer's

bills and bank letters of advice are used.

In practice, the greatest difficulties arise in the distribution of commodities according to countries of manufacture. This is due to the fact that, in the case of a number of commodities, at the time the contracts are executed the country of manufacture is unknown, or there is some doubt concerning the country of origin. It is possible that the country of shipment of the import goods is not the country which manufactured them. This is especially true of goods which undergo repeated trans-shipment. For these reasons, the country of manufacture may not be definitely determined at the time the contract is executed, but only later. The receipt of notifications regarding a commodity, after it has been delivered, however, has many difficulties, therefore, the determination of the country of origin is made at the time the contract is executed. Thereafter, the question of distribution of commodities according to countries is usually not raised again.

A major condition for the proper distribution of imports according to countries of manufacture is the presence of reliable information regarding the countries of origin of the import goods. The conduct of operational accounting is greatly facilitated when such information is contained in the documents certifying the execution of contracts, i.e. in the shipping documents. It should be noted that for the predominant majority of Soviet import commodities this condition is observed, since, as a rule, the country of shipment of the import goods coincides with the country of manufacture. In the case of some commodities, however, the condition described is not observed, and in such cases it is necessary to consult other sources of information. Such sources of information, as stated above, are contracts, which frequently indicate the country of manufacture; notifications from the sellers of the goods; and also commodity labeling. It may occur, however (and actually does occur) that it is impossible to get the necessary information regarding the commodity from such sources, as well, at the time the contract is executed. In these few instances, the country of shipment is designated as the country of manufacture of the imported goods.

The Accounting of Import Commodity Deliveries to Domestic Purchasers.

The final stage in the work of foreign-trade orga-

nizations engaged in import activities is the delivery to domestic purchasers of goods imported into the Soviet Union. The delivery (surrender) of the commodity to the domestic purchaser is understood to be the shipment (dispatch) of the commodity from the port or the point of arrival in the USSR to the address indicated on the import statement (order).

The shipment of import goods from Soviet ports or border stations to the addresses indicated by the purchasers, is conducted in accordance with import agency orders, at the expense of the purchasers. From the time of shipment, the imported goods are considered having been delivered, and is then at the disposal of the purchaser. The latter assumes responsibility for the further movement of the goods and bears all the associated expenses. The purchaser also then becomes responsible for making the payments for the delivered commodities. The surrender of goods to domestic purchasers is accomplished according to the plan of delivery of goods to the national economy, which contains the assignments for the foreign-trade organizations in surrendering the goods of foreign origin, and for the purchasers to accept them and pay for them. The assignments are defined in natural terms. The amount of goods is established in specific units of measurement, with the exception of certain collective designations which are planned in monetary terms. Commodity nomenclature in the plan is given in the most detailed manner. The plan enumerates all commodities subject to import deliveries. In addition, in order to individualize each commodity, designation, the plan furnishes its detailed characteristics.

Accounting for the fulfillment of the plan for delivery of goods to the national economy, in accordance with its content, is conducted according to commodities in natural terms, according to distribution to consignees. It is facilitated because it is conducted only in natural terms, without monetary evaluation. Commodity nomenclature of the delivery plan, however, is considerably broader than the commodity nomenclature of the import plan, as a consequence of the fact that it indicates detailed characteristics of the commodities with indications of quantities of each type, sub-type, kind and brand. Hence the accounting of its fulfillment is also conducted according to a detailed nomenclature of the goods, which complicates the work of the accounting unit.

The shipment of import goods from transfer points in the USSR (from ports and border points) is conducted according to orders of the all-union export-import agencies. The significance of the orders is very great for the normal activity of the transfer points. The planning of the work in ports and border points that involves receipt and shipment of import cargoes is accomplished on the basis of data contained in the orders. In view of this, the timely delivery of the orders from the all-union agencies plays an important role in organizing their work. In order to properly conduct loading-unloading operations and to promptly forward import cargoes to the designated locations, ports and border points must have detailed information regarding these cargoes, before their arrival. Export-import agencies take measures to furnish them with prompt information about the expected arrival of import cargoes. They direct to the transfer points the so-called "advance orders" and, independently of this, after the shipment from abroad of each individual commodity lot to the appropriate port or border point, they forward an order regarding the given specific cargo.

The timely dispatch of orders to trans-shipment points is assured by a system of prompt information assembled on the basis of commodity shipments from abroad. In accordance with the existing method, the Trade Agency of the USSR abroad forwards to the all-union agency not later than the second day after the shipment of each lot of the import commodity, a telegraphic notification to that effect. After receiving such a notification the agency undertakes measures to compile and dispatch the orders to the appropriate port or border point. At the same time, on the basis of this notification, the recording of data regarding the shipment of the commodity to the USSR is made in operational accounting.

The proper distribution of import goods according to consignees is an important task of operational accounting. In the plan for delivery of goods to the national economy the agencies, not the enterprises are designated as the financing unit. The shipment of the goods, however, is made directly to the address of the enterprises which utilizes the imported supplies. In connection with this operational accounting reflects the shipment of the goods directly to the address of the enterprise; these enterprises are grouped according to economic agencies. Such accounting methods permit control over the fulfillment of the delivery plan as well as over the accurate compli-

ance with the orders of the all-union export-import agencies on behalf of the ports and border points.

The accounting of the delivery of goods to the national economy is technically associated with the accounting of fulfillment of the import contracts. Entries in this account are completed by the notation of the date of shipment, with an indication of the quantity of goods and the date payment was made by the Soviet purchaser. Deliveries of goods to the national economy are also reflected in commodity accounting, which is conducted in terms of overall amounts of each commodity according to its distribution among consignees.

For operational accounting of deliveries of goods to the national economy the following are of great importance: place of surrender of the imported goods; date on which the commodity is transferred to the Soviet purchaser, and the document certifying the delivery of the commodity. In accordance with the above mentioned decree of the Economic Council of the Council of People's Commissars USSR, 11 January, 1940, No 68, the point of release of a commodity is considered to be the port or border point where it arrived. In this connection the export-import agency is obligated to assure loading of the goods into a freight-car or other means of transportation, and obtain a receipt from the shipper. The date of release of the commodity is considered to be the date of the cargo document (the shipping document); the latter is also the document which certifies the delivery of the goods. Payment for the goods is made against the bill of the all-union export-import agency, which includes a receipt of the railway waybill or copies of another shipping document as well as the specifications.

The basis of accounting of the delivery of goods to the national economy are the rail and ocean bills of lading, release-acceptance certificates, notifications by the ports and border points regarding the shipment of goods to the consignees, and other documents.

Accounting for the Balance of Import Goods at Ports and Border Points of the USSR

The systematic supervision over the movement of import goods in ports and border points is of great importance for the economic activity of the foreign-trade organizations. Balances of goods in the USSR represent a reserve of the foreign-trade organizations which they may

utilize without delay, and which are actually utilized to fulfill the assignments of the plan for supplying the national economy and for the discharge of their obligations to domestic purchasers. In connection with this, in solving the problems related to the assurance of deliveries according to the supply plan, and in developing measures to accelerate the execution of the plan assignments, they require detailed information regarding the balance of import goods. Foreign-trade organizations obtain such information from data yielded by operational import accounting.

Foreign-trade organizations conducting import operations are interested in the promptest shipment of import goods from ports and border points. According to the conditions of their work, the accelerated shipment of goods of foreign origin to the addresses of purchasers is economically feasible for them. The quicker the import goods are shipped, the sooner they discharge their obligations, the less their expenses for storage and the higher are their indices of economic activity. Operational accounting of the balance of goods is of aid to those involved in operations, as well as those engaged in economic direction, in achieving the above goals.

As a rule, import cargoes arriving in the USSR by rail are not detained at border points. Hence the necessity of warehouse storage of the goods is practically non-existent at this point, and consequently, nor is there need, therefore, for accounting of any balance of goods in operational accounting. As for shipment by water and truck, a certain portion of them is detained at ports and border points by virtue due to conditions of transshipment. Warehouse storage of cargoes occurs here, and consequently, the need to account for the balance of import goods arises in operational accounting.

The unloading of goods from incoming ships, their storage in warehouses and shipment to the consignee is accomplished by the units and means of the ports, in accordance with the orders of the export-import agencies. The work of the ports is organized in such a way that in the transfer process the commodity lots are not split, hence it becomes possible to assure storage of import cargoes in lots. A commodity lot is considered to be the amount of cargo arriving at a port on a single shipping document (a bill of lading, or ocean bill of lading). In accordance with the existing agreement, port authorities must not permit the mixing, in the storage process, of cargoes which have arrived on different shipping documents.

An exception is made for several mass cargoes in which case, by agreement of the foreign-trade organization, mixed storage of the various commodity lots which arrived on the same vessel, may be organized. The storage of import goods in lots at ports is of great importance. Due to such storage it becomes possible to conduct accounting of the import by lots, from start to finish, i.e. from the time the goods are shipped from abroad to their delivery to the purchasers.

A portion of the imported cargoes arrives in the USSR by truck. Truck transportation occurs at the borders of the USSR with the Chinese People's Republic (along the Sinkiang-Uigursk Autonomous District), Mongolian People's Republic, Afghanistan and Iran. Transportation by truck is conducted by Avtovneshtans, which also organizes warehouse storage of import goods at its railroad terminals. On instructions from the all-union export-import agencies, this office accepts import goods from foreign dealers, delivers these goods to its terminals, provides for their warehouse storage and dispatch to the domestic purchasers. At the terminals the storage and accounting of the import cargoes is organized on the basis of lots.

Operational accounting of the balance of import goods is associated with contract accounting. The balance of goods, according to contract accounting data, emerge as the difference between the amount of goods arriving according to the documents, and confirmed by the transshipment points, and the amount dispatched to the purchasers. From time to time ports and border points forward to the export-import agencies information on the goods actually present on the basis of which operational accounting data regarding the balance of goods is verified and refined.

The basis of accounting of the balance of imports are: bills of lading, ocean bills of lading, commodity acceptance-release certificates, railway bills of lading, notifications from ports and border points regarding the shipment of commodities.

CHAPTER SEVEN

ACCOUNTING OF OBLIGATIONS ARISING FROM TRADE AGREEMENTS

Beginning with the thirties, deliveries of goods on the basis of trade agreements have played a noticeable role in Soviet foreign trade. The significance of these deliveries gradually increased, and by the time World War II had started, a considerable portion of Soviet foreign trade was being carried on through intergovernmental trade agreements. Deliveries of goods on the basis of trade agreements were of great importance during the World War II period. These deliveries acquired extreme significance, however, in the postwar phase of foreign trade engaged in by the Soviet state. At the present time the deciding role in Soviet trade with the socialist countries belongs to deliveries of goods made on the basis of trade, credit, and other forms of economic agreements. These deliveries account for over 90% of the commodity turnover with the socialist countries. The predominant portion of the commodity turnover between the Soviet Union and the capitalist nations in the postwar years is likewise based on bilateral agreements. In this connection, control over the fulfillment of trade agreement obligations has become a major problem in foreign trade operational accounting and statistics.

The Organization of Control Over the Fulfillment of Trade Agreement Obligations

Quotas in trade agreements are determined either by the establishment of a list of commodities to be exchanged, or by means of reaching an agreement on the value of the goods to be exchanged. In the first case the parties to the proposed agreement work out among themselves detailed lists of goods to be exchanged. The quantity of items to be delivered within the contract period is indicated, in natural or financial terms, alongside the description of each item on the list. With the second method, the agreement merely states the total value of goods (usually an equal value for each party) which forms the basis for mutual deli-

varies within the contract period. In the current Soviet foreign trade practice, the former method is used almost exclusively; the second form is very rarely encountered, and is the exception rather than the rule.

The type of obligations assumed by each of the parties to a trade agreement has been changing with time. In agreements concluded during the prewar period each of the parties could make use of the established quota (fully or in part), but was not constrained to its obligatory use. The incomplete use of commodity quotas was not regarded a violation of the trade agreement.

The type of obligations assumed under wartime trade agreements has radically changed. The assurance of a regular influx of goods from abroad under wartime conditions became a vital problem for every country. War production demanded the uninterrupted delivery of machinery, equipment, raw materials, and material. Supplying the needs of the armed forces and the civilian population engendered an urgent need for food supplies and industrial commodities. This is why every country strove to increase its internal supply resources and struggled to achieve the maximum importation of necessary products in exchange for goods which could be allocated for export. Under these conditions the non-obligatory character of commodity quotas under intergovernmental trade agreements no longer served the interests of the nations involved, whereupon they began to demand of one another the delivery of goods in the quantities specified on an obligatory basis. It was only natural, therefore, that such demands should be reflected in the formal trade agreements concluded during the wartime period.

The firm character of assumed obligations is a salient characteristic of most postwar trade agreements entered into by the USSR. This firmness is a feature of the obligations assumed in economic agreements with all of the People's democracies. It follows from the pattern of economic relations that have been established among the socialist nations, and serves the interests of their growth and development.

The firm character of obligations arising from (both annual and long-term) trade agreements necessitates systematic controls over the course of reciprocal commodity deliveries. Such controls aid in expediting compliance with trade agreement obligations. Controls over the fulfillment of these obligations is realized by means of foreign trade operational accounting data.

The object of these controls is the mutual delivery of commodities by each of the parties as specified in the commodity quotas established in the agreement. Commodity quotas are understood to be the amount of goods for mutual delivery during the contract term, as expressed in terms of natural or monetary units. Books are kept on each trade agreement (protocol) as soon as it has been signed, and from there on it is kept under surveillance in order to assure the fulfillment of the obligations it entails.

The initial phase of accounting involves the registration of commodity quotas. This registration is accomplished either by recording in a special register the commodity quota for each item, or by the appropriate systematization of trade agreement commodity lists. The latter is the more widely used method. Along with the start of accounting on concluded contracts the commodity quotas are noted in the contractual accounting registers. From then on, the control over their realization is tied in with controls over the fulfillment of contractual obligations.

The fulfillment of commodity quotas arising out of trade agreements is controlled in terms of the same value units utilized in the expression of commodity delivery obligations in the trade agreement. In a number of cases, quotas for commodity exchange are expressed in terms of non-standard value units. For this reason the record of deliveries of such goods has to be kept in terms of two systems of value units -- the standard system (in order to maintain the established order as well as to retain the possibility of incorporating the accounting data into the general reports), and the system of units used in determining the commodity quotas (in order to control their fulfillment). This dual system complicates accounting and gives rise to difficulties in the matter of control. This is why the parties to an agreement usually attempt to express obligations in standard units in determining quotas.

The terms governing commodity deliveries under trade agreements are regulated by the agreements themselves or are set forth in other documents signed by the parties. In Soviet trade with the socialist countries, commodity deliveries are carried out on the basis of agreements on "The General Conditions of Commodity Deliveries". The foreign trade organizations in the countries concerned comply with the above-mentioned in the conclusion and implementation of trade transactions. Mutual commodity deliveries by the Soviet

Union and the People's Democracies, in conformance with these "General Conditions of Commodity Deliveries," is arranged on the basis of fob price ex the given port or railway terminal on the border of the seller-country. Exceptions to this are Albania and the Vietnam Democratic Republic which, as was mentioned earlier, receive Soviet goods cif, although they turn over their own exports to the various Soviet foreign trade agencies fob their domestic ports.

The accounting of the fulfillment of trade agreements with the socialist countries in accordance with the "General Conditions" is carried out with regard to the exact time of passage of goods across the national border of the seller-country. As is provided for in the "General Conditions", the delivery date is considered to be the date on the transit papers accompanying the shipment.

Control over the fulfillment of delivery obligations assumed under trade agreements is realized by means of contractual accounting data. This technique facilitates the collection of the necessary data for various purposes, including the following: checking the course of quota fulfillment for each item, as well as for the entire agreement, as provided for in the contract; keeping track of commodity shipments from suppliers' enterprises; checking on deliveries as per agreement (passage of goods across border of seller-country); checking on undelivered commodity balance figures with reference to prospective delivery dates; keeping track of contractual obligations due on a certain date, as well as overdue obligations; checking on goods delivered in advance of date due as per agreement, etc.

Special Features of Trade Agreement Accounting

Accounting of trade agreements has a number of special features. What follows is a discussion of the more important of these special characteristics.

Trade quotas become more clearly defined and are supplemented in the process of their implementation in connection with changing conditions of production and consumption in the seller-countries. Quota changes are effected through additional bargaining among the parties involved. These changes are set down in the operational accounts upon their acceptance by both parties. This is why it is possible to have precise information on quotas in effect at any given

time for each item as well as for the entire list of commodities as set forth in the agreement in question.

The volume of mutual commodity deliveries is very rarely specified in trade agreements on the basis of value equivalents. For this reason it is determined by means of an evaluation of deliverable commodities in accordance with the accepted exchange lists and by a total value computation. Initial commodity valuation is carried out according to prices determined by general pricing principles set forth by the parties in the agreement. The valuation is then more clearly delineated in the process of contract execution and implementation -- a fact of some importance for the correct systematization of checks over the course of established quota fulfillment. In lieu of a systematic program of obtaining more exact commodity values, data on the obligations and deliveries by the nations involved would lack a basis for comparison. This is tied up with the fact that commodity deliveries stemming from trade agreements are evaluated according to actual costs. Proper control over the fulfillment of trade obligations would therefore be impossible without the constant re-evaluation of the quotas and agreement obligations.

The execution of contracts is a necessary condition for the establishment of commodity quotas in trade agreements. This stipulation is contained in the text of agreements. They specify that the establishment of quotas is carried out under the contractual provisions as signed by representatives of the foreign trade organizations of the nations involved, and specify the time by which these are to be finalized. Thus, the timely execution of contracts is necessary to the correct coordination of effort toward the fulfillment of mutual commodity deliveries as per the trade agreement.

The final quantities of merchandise contracted for sale or purchase become apparent in many cases, as was pointed out above, after final deliveries in compliance with the contract. And similarly, the final contractual commodity prices become known only after the seller has carried out all of his obligations in accordance with the agreement, and is reflected in his bill to the purchaser. In this connection, the quantities and value of goods deliverable as per the contract becomes systematically clearer in the accounting process as goods are delivered and payment effected. This method assures first of all a realistic appraisal of obligation values stemming from

contracts, and secondly, the correlation of obligations with deliveries.

Mutual commodity deliveries between the USSR and the People's Democracies realized on the basis of trade agreements usually begin long before the start of the period covering the quota agreement. Such deliveries are initiated even in the case where negotiations covering conditions for the next contractual year are still incomplete. Commodity deliveries carried out prior to the start of the corresponding contract period are designated "advance deliveries" and are recorded apart from goods delivered under current agreements. With the arrival of the regular period covered by the contract, advance deliveries are incorporated into the general accounting system and are regarded as applicable to the quotas of that agreement.

Trade agreements between the USSR and foreign countries are based on the principle of equivalent deliveries and payments by both sides. This means that upon the expiration of the period covered by the contract, an equality must have been established between mutual commodity deliveries and services rendered, noting invisible commodities and monetary payments received through clearing accounts; this balance must be achieved as a result of the fulfillment of trade agreement obligations by the parties concerned. According to conditions set forth in agreements concluded with socialist states, as well as a number of capitalist countries, the balance of mutual deliveries is attained toward the close of each trading year covered by the contract. Such a balance is not maintained during the course of the year in order to allow for seasonal fluctuations in international trade. There are, however, limits of preponderance in payments and deliveries which are not to be exceeded by either country. These maximum limits are usually specified in the body of the agreement, and thereby become compulsory for both parties throughout the year.

Systematic checks are maintained throughout the entire period of commodity quota exchanges in order to assure compliance with trade agreement stipulations relating to the value equivalence of goods and services. Such checks are carried out in accordance with balance figures for commodity and service deliveries which include invisible commodities and payments received through clearing accounts. Balances are computed periodically (on a monthly or quarterly basis), and contain the following data: initial indebtedness

at the start of the period covered by the contract (in those cases where one of the parties is in debt to the other at the close of the previous year and has agreed to effect repayment by commodity deliveries in the current trading year; value of mutual commodity deliveries over the given period; value of services rendered; invisible commodities received and payments through clearing accounts; indebtedness as of the given date.

Comparisons based on this information for various dates permits the determination of general trends in international commodity exchanges. This data also serves as the basis for a more thorough inquiry into the course of trade agreement fulfillment which are carried out for the purpose of finding out the causes for lags in deliveries and settlements for various items in the commodity lists. Studies based on mutual commodity delivery balances and the results of inquiries into the fulfillment of trade agreement obligations with regard to each item are a guide in working out measures toward the elimination of existing shortcomings and in taking direct action to assure the normal course of commodity deliveries and payments in accordance with the terms of every trade agreement.

Control over the fulfillment of agreements entered into by the USSR providing for the extension of credits to foreign countries is organized along the same lines as the regulatory accounting system covering trade agreements, but with due allowances for the specific characteristics peculiar to the former.

CHAPTER EIGHT

THE BASIC ELEMENTS OF OPERATIONAL STATEMENT OF ACCOUNTS. STATISTICAL PROCESSING OF OPERATIONAL STATEMENT OF ACCOUNTS DATA.

The accounting operations of foreign trade organizations fall into three successive stages (or phases), with each stage comprising one of the essential portions of the entire task. The data produced at various stages of the accounting operation are used in economic regulation and control in foreign trade. However, the data drawn from the various stages of accounting varies in its significance to matters of foreign trade.

The first and initial phase in the accounting operation consists of documentation, i.e., of formally documenting foreign trade agreements which are in progress. This phase yields data on economic operations which serve as source materials for further processing and economic direction. Their applicability here is limited, however, since the documents contain uncorrelated information which is unsuitable for the drawing of general conclusions.

The next phase in the accounting operation consists of recording foreign trade operational data as reflected in the documents, and in generalizing this data in the operational accounts. At this stage the information contained in the documents is placed in a definite order, i.e., foreign trade activities are grouped under general economic headings. This considerably widens the scope of applicability for the accounting data.

The final stage in the accounting process lies in the preparation of final statements of accounts. This includes current account data processing for the purpose of obtaining general economic indices characterizing various aspects of the work of foreign trade organizations. The data thus obtained is used for the regulation of foreign trade engaged in by the Soviet government.

Problems encountered in the documentation and grouping of foreign trade operations are discussed in Chapter Two above. The present chapter is devoted to operational statement accounts.

The Significance of Statement of Accountings.

Statement of accounts plays an enormous role in the regulation of the national economy of the USSR. Its great significance is noted many times in the works of V. I. Lenin. "The organization of the statements of accounts," he wrote, "is a matter of fundamental importance to all departments and institutions of the most diverse nature." /Note: V. I. Lenin, Sohineniya (Works), Vol 33, page 217.

Operational statement of account plays a most important role in the regulation of foreign trade engaged in by the Soviet government. In this application it is an instrument of planned leadership and control. The statement of accounts is a major weapon in the struggle for the fulfillment of export and import plans, the correct organization of operational activities, and the improvement and perfection of the entire economic effort in the field of foreign trade. Operational statement of accounts data is used in the formulation and justification of foreign trade plans. This data also serves as a basis in the drafting of import-export programs for a given planning period; used in checking on the fulfillment of trade plan quotas, and are a means of control over the realization of trade agreement quotas with foreign countries.

Operational statement of accounts helps to pinpoint shortcomings in the activities of foreign trade organizations and aids in the elimination of these difficulties. Higher-level agencies use the statement of accounts data in checking the compliance with state plans and their own directives. They use this data in bringing their influence to bear upon the work of foreign trade organizations and for the guidance of their economic activity. With the aid of information contained in the statement of accounts the higher-level agencies see to the timely and correct solution of problems facing the subsidiary organizations.

Basic Principles of the Operational Statement of Accounts Structure. The Relation and Interdependence Between Operational Accounting and Statement of Accounts

The operational statement of accounts represents a system of indices which reflect the results of economic activities carried on by foreign trade organizations over a given period. The nature of these indices,

which are determined by the requirements of economic direction, are fixed in advance. The system of indices is based not only on the needs of economic direction and control within the import-export associations, but also on the requirements of higher-level agencies. In routine practice, foreign trade organizations which engage in direct import-export operations make use of recorded account data as they are found on the books. However, this data cannot satisfy all of their needs. This necessitates the compilation of informational briefs containing general indices. This requirement of lower-level organizations is kept in mind in fixing the type of data to be presented by the statement of accounts.

As regards the higher-level agencies, these do not keep accounting records. That is why their needs with respect to data on the economic activities of subsidiary organizations can be satisfied only by the operational statements of accounts they receive from the latter. These statements of accounts which they receive contain all of the necessary data required by the higher-level agencies in the discharge of their direction and control functions. The main consideration in working out operational statement of accounts programs are the requirements of the higher-level organizations; this factor determines the extent and character of the data included.

Statements of accounts are compiled on the basis of data contained in operational accounts. In the course of compiling the statements, the accounting data is subjected to further processing with the aim of making it conform with the requirements of established forms. In cases where this may be necessary, the data is grouped and rearranged, whereupon the statement forms are filled out and sent to the appropriate agencies.

The compilation of operational statements of accounts has a direct bearing on the accounting process; it exerts considerable influence on the organization of the accounting operation. Statement indices to a considerable degree determine the extent and character of the actual accounting data to be provided.

Operational statements of accounts reflect the program of studies carried out on the economic activity of import-export associations; they contain the plan which is followed in collecting and analyzing information pertaining to foreign trade used in economic regulation and control. The keeping of opera-

tional accounts on foreign trade is designed to suit the requirements of operational statements of accounts. The two are very closely connected in that the data included in the statement of accounts is drawn directly from the accounts. As a result, the compilation of operational statement of accounts is simplified, the time element involved is decreased, and the quality of materials included in the statements is augmented.

Operational accounting data and that given in statement of accounts bear a distinct relation to one another. The former exceed the latter in extent and quantity. The reason for this is that accounting indices are used in the day-to-day work of the foreign trade organizations without being processed and, having no value in foreign trade studies, are consequently not included in the operational statement of accounts.

Another important consideration must be brought out in connection with the question of the relation between accounting indices and statement of accounts. It has to do with the fact that the former are more stable and change more infrequently, statement of account figures, on the other hand, are subject to frequent changes. Accounting indices reflect the economic activity of foreign trade organizations. There is a definite relation and interdependence between them. Their number and content depends on economic activity indices. The appearance of new economic trends and the solution of new problems requires the expansion of accounting. And conversely, with the cessation of activity in any given sector of the economy, accounting operations cease. Insofar as the character of foreign trade practices changes infrequently, alterations in the accounting procedures also occur rather infrequently.

Statement of accounts is another matter, however. These undergo much more frequent changes than do the (operational) accounting procedures. This is connected with changes in the requirements of economic trends and control of foreign trade. Statement of accounts indices and the general content of the statements depend on current administrative needs, which in turn are subject to frequent changes. But changes in administrative requirements create conditions which necessitate alterations in the extent of coverage by the statement data. Situations which require increased attention to some specific sector of activity frequently arise in the economic sphere. This is tied in with changes in the current problems facing foreign trade organizations, or with the task of en-

couraging lagging sectors of the economy to take up leading positions. Both cases engender the necessity for tighter controls, thus extending coverage by the statement of accounts. With the introduction of new areas to be covered by the statement of accounts, it becomes necessary to alter the extent of coverage of the existing system of statement of accounts. After the problems at hand have been solved and lags eliminated, however, it becomes possible to do away with the expanded statements of accounts. Thus, the statement of accounts data and the extent of their coverage are once again altered.

The steps taken by the Party and government in extending the authority of enterprise directors and other administrators holding posts in local organizations have effected important changes in the extent of coverage by statement of accounts data. Excessive centralization of economic administration in practice results in a broader coverage by statement of accounts. The greater the degree of centralization in economic administration, the broader the statements of accounts and the quantity of indices of the statement of accounts. This is why the extension of economic administrators' authority in the foreign trade field gives rise to greater self-reliance and efficiency, as well as to increased initiative and responsibility. The decrease in statement of accounts coverage connected with this measure resulted in a change in the extent of coverage by the statement of accounts data.

The postwar period has been marked by a considerable curtailment and improvement of operational statement of accounts procedures in the field of foreign trade, whose coverage had expanded greatly during the war years. Economic conditions during that period demanded maximum speed and flexibility in operational decision making. In this connection the need for urgent information increased immeasurably over that of the prewar period, this fact led to a sharp rise in the extent of coverage and content of the statement of accounts.

The problem of significantly curtailing the statements of accounts arose after the end of the war. Work along this line was begun in 1946; it was directed toward the further improvement and perfection of operational statements of accounts in the foreign trade field. Since the end of the war, the foreign trade statement of accounts procedures have been reviewed 20 times. The forms were condensed and simplified as a result of each review. These efforts toward review

brought about a considerable improvement in operational statements of accounts procedures; the number of forms and indices was reduced greatly, and the volume of data presented in accordance with existing forms showed a distinct drop.

Confirmation Procedure for Operational Statements of Accounts. Frequency and Dates of Submission

Operational statement of accounts forms and indices are subject to strict regulation. Their preparation and confirmation is carried out in accordance with a definite set of rules. New statement of accounts forms adopted by foreign trade organizations are approved by the Minister of Foreign Trade or his vice-minister upon submission by the Planning Economic Administration. This procedure is also followed in amending or supplementing established statement of accounts forms. The presentation of statement of accounts on unapproved forms is not permitted. Form guides (lists of forms) must be approved along with statement of accounts forms; the former include stipulations as to regularity and dates for submitting statement of accounts, methods of delivery, and addresses to which statement of accounts are to be sent.

Existing statement of accounts forms fall into two categories: general and specialized. General forms contain economic indices common to all foreign trade organizations; the specialized forms, on the other hand, contain indices pertinent to the activities of a particular agency. The general forms play the decisive role in foreign trade operational statements of accounts procedures. The specialized statement forms, moreover, are not widely used and are therefore not accorded a special place in the form guide; they are rather regarded as a supplement to the general forms.

Operational statement of accounts cover the basic activities engaged in by foreign trade organizations. They constitute surveys of the more important aspects of the economic efforts put forth by these organizations in carrying out commodity imports and exports. The operational statement of accounts give wide coverage to the problems of commodity exchange with foreign countries. They also devote much attention to currency transactions and prices. Another matter of importance covered by statement of accounts concerns foreign trade shipping problems.

Foreign trade operational statements of accounts are mainly concerned with commodity exchanges. As regards their content, their statement of accounts describe the ties between foreign trade and the national economy, as well as the economic trade relations between the USSR and various foreign countries. This aspect of statement of accounts is of prime importance with respect to the extent of coverage and number of indices. For this reason, the following discussion will be limited to the problems connected with statements of accounts on commodity turnover.

Operational statements of accounts on commodity exchanges are prepared and presented on a monthly, quarterly, and annual basis. The monthly statement of accounts contains the following information: commodity transfers by domestic suppliers for export; consignments of stocked foreign goods to the national economy; fulfillment of trade agreements with foreign countries; import-export totals by nation; conclusion of contracts for commodity sales and purchases.

Quarterly statements of accounts pertain to the following matters: imports and exports of goods; fulfillment of export and import plans; consignments of unstocked foreign goods to the national economy; fulfillment of agreements providing for the extension of credits to foreign countries.

Annual statements of accounts are analogous in extent to the monthly and quarterly statements with respect to extent of index of coverage, but include data for the entire year. This is why the monthly and quarterly statements of accounts as of the 31st of December of the fiscal year also constitute annual statements. The time allowed for the presentation of these annual statements of accounts is, of course, extended, while some statement of accounts forms are supplemented with additional indices.

The current statements of accounts, i.e., the monthly and quarterly statements are of greater importance for the regulation and control of foreign trade, and are therefore also more important to the operation of foreign trade organizations. These take up most of the accountants' time. This is the reason why in working out the statement of accounts program, more attention is devoted to the monthly and quarterly indices than to the annual figures. The significance of the annual report is, of course, also very great. It provides a comprehensive view of all aspects of the foreign trade activity. But it is compiled just once a year. Its main purpose is to provide a survey of

foreign trade over an extended period. For this reason it may, and in fact must, be fuller and more inclusive than the quarterly, and especially the monthly statement of accounts, and in the examination of the curtailment of data contained in statement of accounts, the annual statement of accounts is little affected.

Monthly and quarterly statement of accounts programs are so structured as to allow one type of statement of accounts supplement another. This mutual complementation assists in effecting fuller control over the completion tasks in foreign trade. Monthly statements of accounts are used in controlling the fulfillment of national economic supply plans, as well as the execution of foreign trade agreement commodity quotas. The account of indices included in the monthly statement of accounts is the most limited of the three categories. They cover only those aspects which are mandatory for current control and direction of operational work.

Quarterly statements of accounts contain wider index coverage pertaining to the economic activity of foreign trade organizations. They provide more comprehensive data for the study and control of the fulfillment of foreign trade assignments. In addition to indicating deliveries carried out as per supply plans and trade agreements, they also reflect the fulfillment of import-export plans and other foreign trade assignments. Quarterly statement of accounts are likewise used in checking on the fulfillment of credit agreements.

This distribution of the tasks of the two types of indicated statements of accounts makes it possible to use the monthly statement of accounts in controlling the fulfillment of foreign trade plans with respect to their specific categories and items, while the quarterly statement of accounts serves as a means of controlling plan fulfillment as a whole, with respect to all categories. It also allows the maximum curtailment in the number of forms, as well as a maximum reduction in the quantity of forms and statements of accounts indices, as well as to materially curtail the number of statements of accounts presented in accordance with established forms. Thus, the whole statement of accounts operation is raised to a higher level of quality.

The content of Operational statement of accounts

The content of operational statement of accounts is determined by the nature of those problems whose solution is the task of foreign trade organizations. They reflect the needs of economic direction and control of foreign trade. Each statement of accounts fulfills some specific task. The statements of accounts are prepared in accordance with the requirements of the program as delineated in the statement of accounts forms. There are nine commodity exchange statement of accounts forms in force at the present time; the most important of these are Nos 1, 2, 3, 4, 6, 7, and 8. Each of them reflects indices covering some specific aspect of foreign trade economic activity. What follows is a discussion of the contents of commodity exchange statement of accounts as instituted by the statement of account program now in effect.

Statement of Accounts Form No 1, covering Deliveries of Goods for Export.

Statements of accounts made out according to this form are used in controlling the fulfillment of delivery plans for goods destined for export by industrial, trade, and other Soviet enterprises. It is submitted on a monthly basis. Data presented in this form is broken down by union republic, ministry, department, as well as by goods. Figures for each union republic are sometimes further broken down by state forms, and in some cases by republican ministry and departments.

Alongside each item in the statement of accounts is given data on the established yearly and quarterly plan, and also figures on plan fulfillment since the start of the year and quarter. The statements of accounts are prepared using natural units and indicate turnover figures from the start of the period covered. They include both stocked and unstocked export items, and along with the domestic goods, foreign goods, destined for reshipment, are reflected.

Plan assignments are quoted in the statements of accounts in accordance with the plan in effect, with due allowances for changes and amendments arising out of subsequent governmental decisions. Thus, the statements of accounts control the full range of assignments for the delivery of export items.

Statement of Accounts Form No 2 Covering Commodity
Consignments to the National Economy.

The task of the statements of accounts filled out in accordance with this form is to aid in the control of the fulfillment of import commodity deliveries to domestic enterprises by the foreign trade organizations. They are submitted on a monthly basis and are prepared in the same way as the statements made out on form No 1; i.e., the figures are given in natural units, and include data both on the yearly plan and for the quarterly plan under review, as well as data on deliveries made since the start of the year and the quarter under review.

However, the structure of statements of accounts made out according to form No 2 does have some special features. Figures in statements filled out according to this form are broken down by item, union republics (these in turn are given by state forms within each republic, and by some republican ministries and departments), and by USSR ministries and departments. In citing figures for planned tasks, due allowances are made for subsequent governmental decisions as regards commodity deliveries to the national economy. Statements for the first two months of a quarter give figures only for stocked commodities, and these are not broken down by enterprises receiving the goods, with the exception of data on a few important types of products; statement data for the third month of the quarter under review, on the other hand, includes figures for unstocked items, with breakdowns by consignee enterprises.

Toward the close of the year, the foreign trade organizations in a number of cases deliver imported goods in advance against the coming annual plan. Similarly, Soviet economic organizations deliver export goods in advance. In statements of accounts made out in accordance with forms No 1 and No 2, such advance deliveries are accounted for in a separate section and are not included under the plan fulfillment data for the period under review.

Statement of Accounts Form No 3 covering Commodity
Deliveries Through Trade Agreements.

Statements of accounts using this form are presented on a monthly basis and serve a very important purpose. They are used in checking commodity quota

fulfillment as set forth in trade agreements, and also in controlling the commodity exchanges proceeding in accordance with these agreements. These statements of accounts provide a means of accounting for contracts being concluded between Soviet foreign trade organizations and their counterparts abroad.

The data given in statements of account made out according to form No 3 is used in determining the volume and composition of commodity deliveries as per a given trade agreement. This data is also used in determining the extent of overdue obligations. In other words, form No 3 statements of accounts are a basic source of information used in the systematic observation and control over the general state and development of trade relations with foreign states.

Statements of accounts made out in accordance with this form are structured in such a manner as to provide answers to all of the more important questions which are encountered in the course of commodity exchanges with foreign countries. They give a detailed itemized nomenclature of all commodities included in the trade agreement with a specific foreign country. The listing for each item contains data showing the extent of obligations assumed and the degree of their fulfillment. Individual statements of accounts are made out for each individual trade agreement in effect; export and import data are divided into separate sections. The figures are given both in natural and in currency units; among these are itemized cumulative commodity totals from the time deliveries according to the terms of the agreement are begun.

Statements of accounts prepared in accordance with form No 3 include figures on the extent of obligations assumed in trade agreements concluded by the governments of the nations concerned, as well as obligations arising as a result of economic intercourse between Soviet foreign trade organizations and their counterparts abroad. The former are presented in the form of lists of commodities constituting an integral part of trade agreement, while the latter are given in the form of contracts signed by representatives of the economic organizations involved.

There is a direct relationship between the two types of obligations. It consists of the fact that obligations incumbent upon economic organizations arise as a result of intergovernmental agreements. The organizational obligations are also dependent upon those arising from intergovernmental agreements in that the former usually must not exceed the latter in size or

extent. The extent of obligations with respect to assigned quotas stipulated in trade agreements is indicated in the reports in conformance to commodity lists appended to the agreements themselves.

During the course of trade agreement implementation, the nations involved frequently provide one another with supplementary commodity quota extensions. On their coordination during the period covered by the contract, these quota extensions are added on to the original established quota figures in the lists. Thus, each statement of accounts provides a view of the actual extent of obligations to be fulfilled in accordance with a given intergovernmental agreement.

Obligations assumed by the parties on the basis of agreements between foreign trade organizations of the USSR and their foreign counterparts are indicated in the statements of accounts by citing duly executed contracts. Each statement of accounts indicates the full extent and coverage of contracts executed within the framework of each specific agreement, with emphasis on contracts due for fulfillment on the date of the statement of accounts or within the accounting quarter.

Deliveries carried out under the terms of a trade agreement are regarded as having been completed at the time of passage of the shipment across the national border of the seller-country. For this reason the fulfillment of obligations is noted in terms of commodity delivery data. This data is used in controlling the fulfillment of trade agreement quotas and obligations arising from contracts between Soviet foreign trade organizations and their counterparts abroad. However, the normal course of deliveries according to trade agreements also depends to a considerable degree on commodity shipments from suppliers' enterprises. For the purpose of keeping track of commodity shipments from suppliers, form No 3 statement of accounts contain the item "shipped from suppliers' enterprises".

Much attention is devoted to the contractual obligations of the nations involved. A close and constant watch is kept over contract portfolios. For this reason statements of accounts prepared in accordance with form No 3 contain data pertaining to the entire sheaf of contracts being fulfilled on the date of the statement. In addition to this, the reports include data on overdue contracts, and on contracts due for fulfillment in the quarter following the one covered by the subject statement. Measures for the acceleration of commodity deliveries with the aim of

eliminating overdue shipments are formulated on the basis of data relating to the overdue contracts. Figures pertaining to contracts due for fulfillment within the next quarter are cited for the purpose of planning commodity delivery programs for the ensuing period. In the presence of contracts executed within the framework of agreements for the previous year, but unfulfilled as of 1 January of the year under review, the foreign trade statement of accounts for the current year contains a special section listing all goods subject to delivery as per the overdue contracts, and indicating the time limits set for effecting shipment.

In those cases where trade with the country with which a trade agreement has been concluded is carried on simultaneously in both restricted and freely convertible currency or with indemnity transactions, etc., the trade is then reflected in the statements of accounts below the delivery totals and continuing contract totals.

In addition to trade agreement statements of accounts form No 3 is also used for credit agreement statements of accounts, as well as to cover commodity exchanges with the capitalist countries with whom the Soviet Union trades on the basis of bilateral agreements. In the latter case, the line giving the figure for "Goods destined for shipment" is not filled in.

The procedure for filling out form No. 3 has several special features, the more important of which are examined below.

In statements of accounts made out according to this form, commodity prices are given fob the given port or border railway terminal of the seller-country. Commodity evaluation is carried out according to prices paid by the buyers when delivery is effected under the terms of the contract. However, goods must be evaluated long before they are delivered and paid for. Such a need for commodity evaluation arises immediately after the execution of a trade agreement in determining the estimated volume of future deliveries. This need is also felt after the execution of contracts, as well as after shipment of goods from suppliers' enterprises.

In order to satisfy this requirement, in the operational accounts special methods of commodity evaluation are used. The volume of future deliveries according to the terms of an agreement is determined on the basis of established quotas. Quota evaluation is performed either on the basis of prices agreed on by the governmental delegations in the course of

trade negotiations, or by means of average prices quoted in contracts for the previous period covered by an agreement; values may also be established in accordance with world prices, should the particular commodity be set for delivery for the first time. This evaluation is of a preliminary character, however. It is made more exact in the process of contract execution. Thus, the evaluation of trade agreement obligations is made in coordination with contractual commodity valuations. The evaluation of goods to be delivered in accordance with contract terms is performed on the basis of average prices quoted in these contracts. These prices are not final, however; they are further amended during the course of deliveries in accordance with the price quotations in the buyers' statements. The application of this method assures a correspondence between contractual commodity valuations, and values on goods delivered on the basis of trade agreements.

In compliance with the general rule commodity shipments from suppliers' enterprises are recorded in the operational accounts prior to receipt of payment from the buyers, and even before the goods pass across the border of the seller-country. These goods are appraised on the basis of average contract prices. During the course of deliveries, these appraisals are amended in accordance with statements submitted or received. Thus, the evaluation of commodities shipped from suppliers' enterprises is made to correspond to prices used by buyers in their statements. A considerable portion of commodities delivered on the basis of trade agreements is included in accounts prior to the receipt of the buyer's payment. The appraisal of these commodities is also performed in accordance with average contract prices, and then amended to coincide with statements submitted or received. The use of these methods of evaluation renders the price figures in statements of accounts of trade agreements comparable.

The commodity quantities in form No 3 statement of accounts are reflected in the specific units of measurement used in establishing the quotas. This facilitates control over the fulfillment of trade agreement quotas.

The index in the statement of accounts concerning the "number of contracts concluded" is indicated so as to be in full accordance with the number of contracts signed. The amount of goods to be delivered as per the terms of a trade agreement are

amended while deliveries are being effected. This emendation is carried out on the basis of data regarding the actual quantities of goods delivered as per the terms of each specific contract. This results in a complete coordination between contract obligations and actual trade agreement deliveries. On the whole, the data given in the statements of accounts made out according to form No 3 allow one to obtain precise information on quantities of goods yet to be delivered on all contracts in effect.

Trade agreement commodity lists usually contain a special listing for "Miscellaneous goods". This particular item is of considerable significance. It indicates the desire on the part of the contracting parties to expand commodity exchanges to goods which are in addition to those on which they found it necessary to reach a special agreement as regards specific quantities to be delivered. The extent of deliveries to be effected under this listing is given in terms of a monetary sum. Additional shipments may be made within the limits of this sum. Accounting procedure as regards the "Miscellaneous goods" listing conforms to this particular feature. All goods bought or sold outside the established agreement lists are included under this classification. Deliveries "outside the established lists" are defined as those shipments which consist of goods not specifically mentioned in agreement lists. If, however, deliveries of an item found in the lists exceed the quantities stipulated therein, they are not regarded as belonging under this classification, and are consequently not included under "Miscellaneous goods". The possibility is not, of course, excluded, that the parties involved may agree to include some items mentioned in the lists and shipped in excess of the quantities specified under the above-mentioned classification. But in this case, the value figure for excess deliveries given under "Miscellaneous goods" is usually lowered to correspond to the excess value of the shipments.

Deliveries on the basis of foreign trade agreements, along with raw materials, foodstuffs, and other commodities, also include complex industrial equipment. In most cases such equipment requires extended periods of manufacture, and is often deliverable after the expiration of a given agreement. The element of completeness assumes a special importance as far as these commodities are concerned. Each machine, each link in the installa-

tions must be delivered as a part of a complete whole, as stipulated in the contracts. In this connection, statements of accounts on form No 3 give data only on equipment the delivery of which conforms to contractual requirements and is shipped as a complete whole. Incomplete machines and equipment components are not reflected in the statements of accounts. Their estimated cost is merely indicated in the statements of accounts below the agreement delivery totals.

In many cases, deliveries on commodities covered by a trade agreement are started before the agreement actually goes into effect. These are called "advance deliveries" and are accounted for in the statements of accounts below the agreement delivery totals for the current term or the fiscal period. With the arrival of the period covered by agreement, these deliveries are incorporated into the statements of accounts along with deliveries effected within the agreement period proper.

Statement of Accounts Form No 4 Covering Fulfillment of Import-Export Plans.

Statements of accounts completed according to this form are submitted on a quarterly or annual basis. The economic activities of foreign trade organizations are most fully reflected in the statement of accounts of this type. All of the activity of these organizations directed toward assuring the importation and shipment of commodities are accounted for in concentrated form in these statements of accounts. Measures for eliminating apparent shortcomings are planned on the basis of form No 4 statement of accounts.

Statement of accounts of this type performs an extremely important function. It is used for checking governmental import-export plans by each foreign trade organization individually, and by all the organizations as a whole. These statements of accounts are an aid in assuring systematic control over the fulfillment of specific import-export shipments. As a result of the fact that trade agreement obligations and import-export plan assignments are closely interrelated, control over the fulfillment of import-export plans between quarters is kept by means of form No 3 statements of accounts.

Statements of accounts on form No 4 reflect the course of economic contacts with foreign countries. The form is structured to serve this aim; listings are itemized by country, types of deliveries (methods of payment), and specific commodity. The figures are given both in natural and currency units in cumulative totals from the start of the year. The statements of accounts contain information on the established plan and data on its fulfillment as of the given date. During the course of plan fulfillment, depending on changing economic conditions, individual plan assignments may be supplemented or amended. Thus, import-export plans for any given date reflect the actual needs and resources of the Soviet national economy, as well as the real problems encountered in the development of the foreign commercial ties of the Soviet state.

Plan fulfillment accounts are kept in terms of the same units as are used in the plan proper. This permits the statement of accounts to serve as an actual measure of plan fulfillment. The statements of accounts include all shipments of goods in and out of the USSR from the start of the year to the time of preparation of the statement of accounts, provided that these goods are bought or sold under current plan quotas. These statements of accounts also cover goods imported or exported in the previous planning period, but under the current yearly plan. Shipments in and out of the country carried out within the previous planning period are designated as advance shipments, and serve to increase the volume of imports and exports included under the current yearly plan. It follows from this, therefore, that shipments carried out in the current year under next year's plan are not included under current yearly accounts. Thus, plan fulfillment figures shown in form No 4 statements of accounts include all goods imported and exported including last year's advance shipments, under the current yearly plan, but exclude goods bought and sold in advance under next year's plan.

Commodity in the statements of accounts are as follows: plan figures -- in terms of plan prices; by fulfillment figures -- in terms of prices fob or the prices ex given port or railway terminal on the border of the seller-country. In a number of cases goods earmarked for export or import in exchange for freely convertible currency to or from foreign countries, are actually purchased from or sold

to other countries (this contingent upon economic expediency). Such goods are accounted for with reference to these countries from whom they were in fact purchased or to whom they were actually sold.

Statement of Account Report Forms Nos 6 and 7
Covering Commodity Exports and Imports

Statements of accounts on these forms are submitted on a monthly, quarterly, and annual basis. The monthly statement of accounts presents import and export totals in monetary terms with a breakdown by country. The quarterly and annual statements of accounts give detailed itemized commodity listings in both natural and monetary units. They include cumulative totals from the start of the year to the date of preparation; thus, the statements of accounts for the fourth quarter are annual statements of accounts as well. The number of indices in the annual statements of accounts, however, exceeds that in the quarterly statements. The monthly statements of accounts differ in structure from the quarterly and annual statements of accounts. The former are broken down only by nation, while the latter are itemized both by nation and commodity. Commodity nomenclature and classification in the quarterly and annual statements of accounts follow that of the "Unified Foreign Trade Commodity Nomenclature".

Every statement of accounts of exports includes figures on the total exports as of the date of the statement of accounts. These figures include re-exported goods, including direct shipments from third countries. In addition to this, the annual statement of accounts also contains data on export commodity balances; these figures are broken down into balances within the USSR, and balances in foreign countries. The former are further accounted for in the statements of accounts by total balance figures, as well as by data for unshipped goods in Soviet ports and border points. The statement of imports includes the following data: total imports as of the date of the statement of accounts. This covers goods shipped directly to a third country and delivered to Soviet organizations abroad for use on location. The annual statement of accounts also includes data concerning import commodity balances. These are broken down into balances within the USSR (at Soviet ports and border points), as well as by

figures for goods remaining in foreign countries. The latter are further classified as goods en route to Soviet ports and border points, and goods still on the soil of the seller-country.

Statement of accounts filled out according to form No 6 covers all exports; those according to form No 7 cover all imports carried out by the Soviet state during the course of the calendar period under review. The statements of accounts include goods which are part of the commodity exchange engaged in by the Soviet state (i.e., goods imported and exported on a commercial basis), as well as goods delivered on the basis of non-commercial arrangements. The latter are accounted for in a separate section below that for commercial imports and exports.

Statement of Accounts Form No 8 Covering Contracts for Deliveries within the Next Planning Period.

These statements of accounts are prepared only for a single four-months period (from September to December) every year, i.e., the period of intensified purchasing and selling operations with deliveries to take place during the next calendar year. They are submitted on a monthly and annual basis. The monthly statement of accounts is prepared in abridged form, while the annual statement of accounts is more inclusive. Statement of accounts made out in accordance with form No 8 serves the purpose of providing a means of control over the execution of contracts covering deliveries within the next planning period. The work involved in preparing and executing contracts is an extremely important and responsibility-laden function of the foreign trade organizations. The assurance of delivery within the necessary time limits depends upon the timely completion of this work. For this reason great importance is attached to the task of executing contracts.

The work involved in preparing and executing contracts continues throughout the year. Current statement of accounts containing all of the relevant data are of assistance in keeping track of this work. The form No 8 statements of accounts serve as a means of controlling the advance execution of contracts included under next year's plan. With the start of the planning period the need for these statements of accounts is no longer felt and control over the subsequent course of contract execution is realized on

the basis of form No 3 statements of accounts.

Statements of accounts prepared in accordance with form No 8 are broken down by commodity and country in terms of natural and monetary units. They account for all goods covered by contracts. The statement of accounts contain the following items: "Number of import inquiries or export proposals sent to trade agencies abroad"; "Number of import proposals or export inquiries received"; "Number of import proposals confirmed or number of export proposals approved;" "Executed by contract". The annual statement of accounts also contains the item: "Number of contracts executed for each quarterly commodity delivery term".

Statistical Processing of Data From Operational Statement of Accounts

The statistical processing and totalling of operational statement of accounts data of the foreign trade organizations is carried out by the Economic Planning Administration of the Ministry of Foreign Trade. All statements of accounts having to do with Soviet commodity exchange transactions are channeled to the Administration, where they are processed and totalled in accordance with the established procedures. Operational statement of accounts data which has received a preliminary check for accuracy and completeness is grouped in standard order. The data is then added up to obtain the group and general totals. Thus, the nationwide figures for all Soviet foreign trade are obtainable on the basis of statements of accounts submitted by individual foreign trade organizations.

The processing of statistical data submitted by the foreign trade organizations is performed in two ways: by hand and by computers. The manual totaling method consists of transferring data contained in the statements of accounts received onto statistical tables. Mechanical totaling is accomplished by feeding the programmed data into computers which produce completed statistical tables.

Forms to be used in compiling statistical tables, as well as procedures to be used in compilation are worked out in advance. Before the compilation is begun on approved forms, at any rate, it has already been established which forms and procedures are to be followed in processing the data contained in the given statements of accounts. In most cases the

the statements of accounts from foreign trade organizations are totaled on forms similar to or somewhat differing in some respects from the original forms. In some cases, only those figures are drawn from a statement of accounts which have a bearing on some particular sector of foreign trade.

Statistical tables compiled on the basis of statements of accounts of foreign trade organizations are in turn processed and used as material for further studies. All statistical tables used in this manner, as well as the forms to be used in further studies are listed in the statistical processing program. Such a program describing the content of statistical tables is worked out in advance and approved in the usual manner.

Groupings are the basis of scientific processing and analysis of statistical materials in the foreign trade field. The significance of grouping for practical work and for the analysis of foreign trade is very great. Grouping aids in the rendering a more complete and comprehensive view of the state, development, achievements, and shortcomings of foreign trade. In view of this the assurance of correct, scientifically based grouping is a most important task of statistical summarization.

Grouping is being used extensively in the statistical processing of foreign trade data. The grouping of foreign trade operations with relation to the requirements of the statistical processing program is carried out during the operational account recording process. Separate facts of the economic life of the foreign trade organizations, reflected in documents, are registered in operational accounting. Operational accounting data is used in preparing the standard statement reports. The former are grouped during the statistical totaling process. The work connected with grouping foreign trade data is facilitated by the fact that operational accounting procedures are geared to conform to the requirements of foreign trade statistics.

The foreign trade statistical data is grouped under various classifications. The following groupings have the greatest importance in the study of foreign trade and for practical work connected therewith: the geographic distribution of import-export activities engaged in by the Soviet state, the economic purposes of commodities exchanged in foreign trade, and the administrative departments which deal in them. Also of some importance are the

groupings by branches of the national economy, amount of processing, and methods of payment.

The purpose of territorial grouping is to show the distribution of Soviet commodity exchange with reference to the socialist and capitalist world markets, as well as to indicate the volume of trade with individual countries and groups of countries. These groupings include data necessary for characterizing Soviet trade ties with foreign states.

The group applying to the "Capitalist countries" includes a subgroup: "Economically underdeveloped countries". In addition to this, countries which engage in trade with the USSR are also grouped by geographical location, i.e., by continent. The following data are given for the above-mentioned groups: exports, imports, and turnover, all in terms of commodity values. The statistical tables also include data on the relative importance of individual nations and groups of states in Soviet foreign trade.

Commodities exchanged in foreign trade are grouped as follows: By their economic purpose - as means of production and consumer goods; by branches of the national economy - as industrial products and agricultural products; by the degree of processing - as finished products, raw materials and semi-manufactured products. These classifications are subdivided as follows: the means of production are subdivided into labor tools and objects of labor, industrial products are subdivided into- raw material products of the manufacturing industry and agricultural raw material products, the agricultural products are subdivided into raw materials and products ready for consumption, the finished products are subdivided into machinery and equipment as well as consumer goods and etc.

Groupings are also made in accordance with the headings found in the "Unified Foreign Trade Commodity Nomenclature". The purpose of the latter is to reveal the commodity structure and structural shifts in foreign trade. In grouping various items by their economic purpose, by sectors of the national economy, by amount of processing, etc., foreign trade statistics make use of the classification system found in the "Unified Foreign Trade Commodity Nomenclature", which allows the grouping of commodities in accordance with various characteristics. The following data are provided for each group: annual and quarterly plan figures; plan fulfillment figures; imports; exports. This data is in absolute figures given in terms of mone-

tary units. In addition to this, the tables also provide relative figures which give plan fulfillment percentages, as well as the relative importance of each group of commodities within the total Soviet import-export picture.

The purpose of grouping by foreign trade organizations is to show the volume of work put out by each of these organizations, to check on their degree of success in plan fulfillment, and to obtain an idea of their relative importance for Soviet trade with foreign countries. The data provided for this grouping is used extensively in regulating and controlling the work of foreign trade organizations. At the basis of this administrative classification system lie the all-Union import-export associations and the Ministry departments which are concerned with the given sector of foreign trade. Their activities are characterized by means of the following data: annual and quarterly plan figures; plan fulfillment figures; imports; exports; turnover; contracts (number of transactions arranged); fulfillment of trade agreement terms (fulfillment of established quotas); overdue contract obligations. These figures are given in terms of monetary commodity costs. Relative figures are also provided on the following items: Percentage of plan fulfillment; relative importance in the Soviet import, export, and foreign commodity exchange picture; percentage of trade agreement commodity quota fulfillment.

In making studies of foreign trade and analyzing its results, extensive use is made of the method of balance projection based on operational accounting data. The application of this method allows the determination of interdependent foreign trade totals; it also affords a fuller and more comprehensive view of economic processes taking place in the foreign trade field, and a deeper insight into the nature of these processes. Plan and statement of accounts balances are being extensively used in the area of foreign trade. Plan balances are based on foreign trade plans and constitute an inseparable part of the planning function. These balances serve as a basis for plan assignments for the entire USSR with respect to individual classes of commodities and especially important items. Statement of accounts data is determined in accordance with operational accounting data. The purpose of these balances is to serve as a means of checking on the fulfillment of plan balances, and also of indicating the actual re-

relationship between imports and exports.

Of great importance to the study and regulation of foreign trade are the trade, instalment, and payment balances, as well as commodity balances, as determined for the more important import-export items. Trade and commodity balances form a part of Soviet economic trade relations with foreign countries; they provide a reflection of the flow of exchange commodities. That is why the discussion which follows will cover only these balances.

The balance of trade defines the relationship between the import and export values over a given period, usually one year. If exports exceed imports, the balance is termed active. On the other hand, should imports exceed exports, the balance is called passive. Equality of monetary value of imports and exports is termed net balance. The balance of trade is determined for each country which carries on trade relations with the Soviet Union on a regular basis, for groups of countries, and for all countries as a whole. It is presented in terms of the following figures: exports; imports; turnover; balance. The Soviet trade balance table is shown below.

The Soviet Balance of Trade Table
(Annual)

(in millions of rubles)

Balance items	Ex-ports	Im-ports	Turn-over	Balance (+)
A	1	2	3	4
<u>Sum total</u>				
I. By geographic distribution of imports and exports				
1. Socialist countries				
2. Capitalist countries				
II. By economic purpose of commodities				
1. Means of production				
2. Consumer goods				

- III. By branches of national economy
 - 1. Industrial goods
 - 2. Agricultural products
- IV. By amount of processing
 - 1. Finished goods
 - 2. Raw and Semi-manufactured goods
- V. By foreign trade organizations
- VI. By method of payment
 - 1. Through clearing, balance nonconvertible
 - a) Socialist countries
 - b) Capitalist countries
 - 2. Through credits and repayment of credits (including loans and loan repayment)
 - a) Socialist countries
 - b) Capitalist countries
 - 3. By freely convertible currency
 - a) Socialist countries
 - b) Capitalist countries
 - 4. By restricted currency
 - a) Socialist countries
 - b) Capitalist countries
 - 5. By commodity exchanges, trade compensation, etc.
 - a) Socialist countries
 - b) Capitalist countries

During the postwar period, the content of trade balance reports has undergone important changes. The study of the relationship between Soviet imports and exports according to the most important groups of commodities continues to be a major aim of trade balance determination. Such studies reveal the role of foreign trade in increasing or depleting the material resources of the socialist state by means of imports and exports. In addition to this, they provide a view of two oppositely-directed processes (shipment and importation of goods), which comprise foreign trade. Of great importance in the postwar period, furthermore, is the study and analysis of Soviet trade on the socialist and capitalist world markets. The conditions in the two markets are fundamentally different. Different also are the problems with which Soviet trade has to cope in dealing with the socialist and capitalist world markets. The understanding of these problems and the knowledge of working conditions is essential to the successful management of Soviet foreign trade. This is why the trade balance sheets present the necessary data for thorough analysis of trade on the two world markets. The trade balance sheets provide data on trade with both the socialist and the capitalist nations. This data permits one to establish the relative importance and interaction of trade on the socialist and capitalist markets. In addition to this, the trade balance data provide a basis for determining the volume of trade with each individual nation or group of nations, as well as for establishing their relative importance and position of each country in the Soviet foreign trade picture.

The proper understanding of foreign trade problems and the conditions characteristic of the development of trade requires also the study of the commodity exchange process according to methods of payment. In the period prior to the global economic crisis of 1929-1933, during which currencies of the capitalist nations were convertible, international payments were effected on a multilateral basis by means of relatively stable currencies. During that time the study of foreign trade according to methods of payment presented no particular difficulties. As a result of this fact, the trade balance turnover was not classified by method of payment. In this respect the situation changed radically after the 1929-1933 crisis. The currencies of most capitalist countries had lost their stability as a result of the crisis. The effects of the crisis on international trade were manifest particularly in the form of radical changes

in the forms and methods of conducting foreign trade. Commodity deliveries on the basis of special fiscal agreements providing for payment through clearing accounts gained wide application in intergovernmental economic relations. Restricted currency trade made its appearance. Trade on the basis of compensatory and commodity exchange transactions began to be widely practiced. All this unavoidably had to have its effect on the trade balance computation; and this did indeed happen. Commodity exchange analysis according to methods of payment assumed an important role. It must be kept in mind, however, that trade balance sheets deal with the flow of goods with reference to methods of payment, and not with the payments themselves, which may not, and most often have not been effected at the time import and export figures are recorded.

The work of determining the USSR trade balance actually begins with the computation of balances for individual nations. The balance data for each country are then totalled for groups of countries and for the entire USSR. Thus, there is a direct connection between trade balance figures for individual countries, groups of countries, and for the entire volume of Soviet foreign trade. This relationship is expressed in the following ways: first, in the fact that the balances by individual country form the basis of the entire trade balance and balances by groups of countries; second, in that all balances are computed using the same methods; and third, in the fact that all of the balances mentioned above are based on foreign trade operational accounting data.

Commodity balances find extensive application in foreign trade practice. These balances show the import-export figures for the more important items exchanged in foreign trade. The basic purpose of commodity balances is to indicate those goods for which the Soviet Union is net importer or exporter, as well as the nation which ship or receive these goods. The study of commodities from this standpoint has great practical importance. Such studies help to clarify the role of foreign trade in increasing or depleting the material resources of the socialist state. For those goods for which the USSR is net importer, foreign trade is a factor tending to increase the nation's resources. On the other hand, in the case of commodities for which the USSR is net exporter, foreign trade tends to deplete Soviet material resources. In addition to this, such studies aid in bringing out the role and significance

of individual countries supplying the USSR with imports or receiving Soviet goods. Commodity balances are presented in terms of the following items: exports, imports, and balances. These figures are given by totals for each item, and are also broken down by buyer- and seller-country in terms of natural or monetary units.

CHAPTER NINE

PROBLEMS IN ORGANIZING OPERATIONAL ACCOUNTING

The Present Organization of Operational Accounting

The organizational structure of operational accounting responds to the task of reflecting all foreign trade operations in all sections where they are executed. It is conducted in the offices and in all other integral subdivisions of the all-union export-import agencies. This aspect of accounting resolves its most important problems at the operational offices, which are subdivisions of the foreign trade agencies that are directly involved in export-import operations. Accounting at the offices furnishes the most material figures for the economic direction and control of foreign trade.

In addition to the offices of the central unit of the export-import agencies, operational accounting is conducted in their outlying offices and sections, as well, created in different parts of the country; it is conducted as well, by authorized agencies of the Ministry of Foreign Trade, established in a number of union republics and certain cities of the Soviet Union, and in the operational office divisions of the Soviet trade representatives abroad. The accounting inter-relationship between the all-union agencies, on the one hand and their outlying offices and divisions, as well as the trade representatives abroad on the other, are organized in such a way that the latter provide the central accounting unit with necessary information about foreign trade operations that have been conducted.

These links of the foreign trade system which do not conduct operational accounting limit themselves with data from the statements of accounts. The foreign trade accounting system is organized in such a manner that each link regularly receives accounting data that it needs for economic management.

Operational accounting is organized and conducted primarily where foreign trade transactions are directly engaged in. It fulfills important tasks in reflecting foreign trade operations in every link of the foreign trade system and provides data necessary for economic

direction and control. The practical task connected with operational accounting is accomplished by persons directly involved in foreign trade operations or by personnel especially authorized for this purpose but who are constantly in close contact with operational personnel. Close coordination is thus attained between the execution of economic operations in foreign trade and their accounting, which is of great significance for practical work. Due to such ties the data of operational accounting may be used and is used for the direction and control of foreign trade operations.

However, no matter how great the significance of accounting conducted by the individual executive units is, it does not solve and cannot solve many of the important problems that occur in the course of economic activity. Operational accounting stipulates the generalization of accounting data. Such generalization occurs through the use of operational statements of accounts, which are, therefore, used in obtaining overall data regarding all of foreign trade.

To ensure correct accounts in every foreign trade organization, a rational plan is drawn up for conducting operational accounting. Definite accounting tasks are established and ways and means for their execution are clearly indicated. A definite method of reflecting the economic activities is decided upon, a close relation is established between operational accounting and other types of foreign trade accounting, and methods are established for close coordination between them.

Accounting between the all-union export-import agencies, their branches and other links in the foreign trade system are all based on the principle of centralized accounting. The final summarization of primary accounting is accomplished at the all-union foreign trade agencies, not locally. Such an organization of operational accounting is the most rational under the conditions of Soviet foreign trade.

In the first place centralized accounting permits the elimination of any violations of the established working procedures; in the second place, it helps to significantly improve the efficient use of the available accounting equipment, and to simplify the structure of the accounting unit, to better distribute the accounting work load, to utilize the potentials of every structural subdivision to a fuller extent as well as those of each accounting worker; in the third place it makes it possible to decrease the number of personnel engaged in accounting

work, to raise their qualifications and thereby to raise the general level of accounting work; in the fourth place, it allows an increase in the amount of office equipment, to make better provisions for new machines, to make better use of the equipment already available, and to mechanize the more time consuming tasks performed by the personnel.

In operational accounting of foreign trade the basic work is centralized in the offices of the export-import agencies. Here, foreign trade primary accounting data is summarized. Such distribution of accounting work is in keeping with the role of the offices in the economic life of the foreign trade agencies.

For export-import agencies to carry out their foreign trade operations properly and at the proper time, they must have at hand the necessary information regarding the outcome of their activities. This information must be sufficiently complete and available shortly after the foreign trade operations have been completed, as promptly as the available means of communication permit. Only with such information can they ensure an appropriate course for their economic activity. Therefore, the very nature of the economic activity of the foreign trade agencies makes operational accounting of export-import operations imperative. As long as these agencies conduct their operations through their offices, the operational accounting is concentrated at these structural subdivisions.

Let us examine now the questions of organization of operational accounting in each link of the foreign trade system, its tasks and the extent of accounting work accomplished there.

The existing organization of operational accounting at the foreign trade agencies did not come into immediate existence. It changed with time, along with the development of foreign trade agencies, the expansion in the volume of their economic operations and changes in the form and methods of conducting foreign trade. In accordance with the growth in foreign trade operations and occurrence of more complex tasks, the organizational structure of operational accounting also changed. This process was different and differently timed in the various agencies, and left its mark on the organizational forms of operational accounting.

At the majority of the agencies the accounting inter-relationships among its sub-divisions are based on the principle of decentralization of accounting. The summari-

zation of the data of primary accounting takes place, as a rule, at the operational offices. This system of accounting meets the best interests of efficient management of the foreign trade agencies. The operational office is the basic economic unit of the all-union agency, it has a certain economic operational independence in solving its important foreign trade problems. Every office is distinguished by its own list of commodities. The export and import of these commodities, as well as shipping and receiving, are realized through this office. Such an operational office studies the condition and changes in the prices of its commodities on foreign markets, conducts negotiations regarding the purchase and sale of its commodities, develops projects for foreign transactions, places orders for goods, receives imported goods, ensures the fulfillment of agreements, etc. Within the limits established by the plans each office has assigned to it export and import quotas receipt and payment in foreign currency and payment of its share of the government budget. All these activities of the office demand the possession of systematic information about the foreign trade transactions, and operational accounting therefore becomes one of its essential functions.

Operational accounting in the offices yields essential data regarding their work. At the same time tabulating and summarizing the accounts of all the offices gives definite information that reflects the economic activity of the agency as a whole. Consequently, systematic operational accounting which results in a final summary of the data of primary accounting meets the best interests of efficient management and control of the all-union export import agencies.

For a long time only the economic-planning departments tabulated and summarized the data of initial accounts; they in turn submitted to the different offices, along with other instructions, the essential information about their foreign trade transactions. This method of accounting has significant disadvantages. The economic planning department of an agency cannot, to any satisfactory degree, adjust its accounting to the current needs of the operational offices. By the very conditions of work at this department it is obliged to give to its accounting a general character unsuitable for the needs of the offices, for use in the solution of problems that face the agency as a whole, which may be contrary to the current needs of the different offices. Naturally, this is not of aid to the offices. When a director of an office must resolve certain problems and requires data about the trans-

actions that have taken place, he does not want to accumulate a wealth of figures, but only to solve certain specific executive problems. That is why it is essential for him to receive, in the shortest time possible, answers to his questions, namely the data that reflects the work of his office. It is to this purpose that operational accounting should be directed. If the accounting is done within the office itself by a director's subordinate, who is familiar with the essential activity of the office and can penetrate deeply into its detailed operations, then they will prepare, with the greatest attention and care, the data needed by the director, they will help him discover deficiencies and also devise and put into practice measures to eliminate them. The personnel of the economic planning department, no matter how well trained, cannot know the work of each office as thoroughly as the personnel of the office itself. Consequently they can often ask questions that are incorrect or not sufficiently profound, and after receiving appropriate answers arrive at incorrect conclusions. As a result the information prepared by them for the director of the office may prove to be altogether useless or only partially useful.

It is also necessary to give due consideration to the time consumed in the preparation of the data for the director of office. The economic planning department, burdened as it is with other work, can never prepare the data asked for as frequently or as quickly as the personnel of the office itself. Obviously, this, to a large degree, explains the fact that in those agencies in which operational accounting was centralized in the economic planning departments, the different offices began to organize their own accounting system to meet the needs of their work. Not a single export-import agency where operational accounting was centralized in the economic planning department, has heretofore succeeded in avoiding the establishment of parallel accounting systems in the different offices. At first the system in the offices had an elementary character, such work was conducted by employees with no appropriate training, but in time this work became the regular function of the foreign contractors, and still later special personnel (economists) were introduced. All this testifies to the fact that operational accounting is a vitally important function of each office.

However, the accounting work of the different offices is insufficient for economic direction and control

of the agency. Each office accomplishes its foreign trade operations in a specified group of commodities, which are only a small part of all the commodities dealt in by the entire agency. Operational accounting of the office reflects only a part of the transactions of the agency. It, therefore, becomes necessary for the agency to conduct general tabulation and summarization of the data of all the offices. The fact that there are accounting systems in the different offices makes it necessary for the agency to have unified organizational and methodical supervision of all the accounting work. Without such direction and unification it is impossible to ensure a unified system of accounting indices and identical methodology of reflecting them. The absence of such direction inevitably leads to lack of coordination in accounting indices and in the contents of the statement of accounts of the offices.

Accounting in the offices, being constructed in conformance to their needs, should at the same time reflect indices needed to obtain data, necessary for the direction and control of the overall work of the entire agency. Moreover, the agency in its own system of accounting has indices which have no relation to any specific office. These indices, reflecting the work of each particular office, when brought together can characterize the activity of the agency as a whole. For example, the export-import assignments by the Ministry regarding the nomenclature of the commodities dealt in by each office can be considered fulfilled if all the offices have carried out the specified economic operations. The fulfillment by the agency of each quota is calculated in the aggregate. Non-fulfillment of an assignment, even for a single commodity leads to a delay in the fulfillment of the entire assignment as a whole, and which creates the task of controlling the fulfillment of assignments, delegated to the agencies.

In addition, important work is conducted in the agencies which the offices cannot perform, namely the preparation of operational statements of accounts for presentation to the Ministry. Each office compiles statements of accounts for its own list of commodities, but the offices cannot prepare joint summaries of the accounts. It, therefore, becomes necessary to create within the agency an organ which will do the accounting work not within the scope of the different offices, and which will guide and direct the accounting work of the offices. This organ is the economic planning department, established to

solve the general problems relating to planning and operational and statistical accounting.

In operational accounting and statistical activities the economic planning department performs the following basic functions: it organizes and guides the accounting at the offices, coordinates and unifies their work in this sphere; develops an accounting program at the agency, establishes a system of indices of the economic activity of the agency, and develops methods for reflecting them in operational accounting; it distributes the accounting tasks among the different organizational subdivisions; it is in charge of automating operational accounting, it organizes such accounting and guides it; it organizes the primary accounting at the subsidiary organs of the agency and establishes the deadlines and the order for submitting their accounts; it supervises the timely compilation of intradepartmental statistical reports, controls the quality of these reports and assures their preparation within the established deadlines; it establishes methodical direction of accounting at the offices and at the subsidiary organs of the agency; it organizes the internal documentation, supervises the timely receipt of documents from other offices, establishes the processing order and utilization of the documents within the agency and supervises the execution of the established orders; it devises accounting forms and places orders for these forms, insures that they are ready on time and that the offices are supplied with them; it makes actual entries of a part of the economic operations; it verifies the quality of the statements of accounts of the operational offices and subjects them to statistical processing; it compiles the summary statement of accounts for the agency according to data of operational accounting and ensures their delivery to the higher organs in the volume and on the proper dates established by the Ministry of Foreign Trade.

An important task in the organization of operational accounting is the proper distribution of accounting tasks among the individual subdivision of the export-import agency. A rational distribution of accounting tasks creates favorable conditions for the conduct of operational accounting and brings about the most efficient results from the accounting activities of the agency. Accounting tasks should be apportioned in such a way that in each subdivision of the foreign trade agency only that part of accounting is being conducted which is related to its activities and is a direct result of them.

Only in this way can operational accounting be of the greatest benefit and also be conducive to the proper operation of each given structural subdivision and of the foreign trade agency as a whole. Let us examine the problems of rational distribution of accounting tasks at the export-import agency.

In the work of export-import agencies accounting data of various types may be applied. This includes, primarily, data on the conclusion of export and import transactions, and their discharge. In order to obtain such data the agencies conduct operational contract accounting.

Experience shows that operational accounting accomplishes its tasks best and yields the best results if it is conducted by the offices. Contracts are extremely important in the economic activity of these offices. The entire activity of these structural subdivisions of the foreign trade agencies, in connection with shipping and receiving of goods, is in some manner associated with the discharge of obligations stemming from the contracts. Contracts form the legal basis for foreign trade operations, which make up the economic activity of the offices. That is why the systematic verification of the fulfillment of all obligations stemming from them becomes so necessary that the proper realization of the tasks of the operational offices is inconceivable without it. Inasmuch as such careful verification is impossible without accounting data, contract accounting also becomes a most important function of the offices.

Along with contract accounting the offices conduct the registration of individual monetary of Foreign Trade assignments in the export and import of commodities as well as other accounting work associated with their economic activity.

Office data, on the basis of the statements of accounts is subjected to statistical processing in order to obtain the export-import information on the agency as a whole. Such processing takes place at the economic-planning department of the agency. This department is responsible for tabulating composite data about the delivery of goods for export, for the export and import of goods, for delivery of goods to the national economy, for fulfilling the export and import quotas of the national plan and for carrying out the commitments of trade agreements and other information. It is also responsible for recording the assignments of the Ministry of Foreign Trade and for the accounting of their fulfillment; also for the

stock of goods to be exported and for checking on the goods exported. All this collated data basically illustrates the distribution of accounting tasks in the all-union export-import agency.

Operational accounting by the trade representatives abroad reflects and controls their economic activities, directed at the realization of the foreign trade transactions commissioned by the all-union export-import agencies. Trade representatives do not, as a rule, conduct accounting records on exports. In their work of developing exports they utilize the summary reports that they receive. With reference to imports, a record is kept at the offices of trade representatives abroad of factors relating to import transactions and their fulfillment. The bookkeeping connected with this work is usually accomplished by the operational personnel. Accounts of import transactions are entered on special forms. On the basis of acceptance certificates of the cargo checkers of the foreign trade agencies. The notifications received from the foreign contractors regarding commodity shipments, copies of bills and the notifications of the forwarding agents about the shipment of the goods to the USSR, a record is made for every given contract, as follows: the date and quantity of the goods received, the date of shipment from the contractor's enterprise and the date of shipment to the USSR. This data is used to supervise the course of the import transactions.

Authorized personnel of the Ministry of Foreign Trade carry on their own operational accounting of the delivery of goods to be exported on orders placed by the all-union export-import agencies. These accounts include information about the dates when the goods must be delivered according to the terms of the delivery orders, and about the actual delivery by the manufacturers of export goods. Quarterly statements are submitted by these personnel to the Ministry regarding the delivery of these goods for export.

The freight offices and departments of Sovfrakht (All-Union Association for Chartering Foreign Ships), which supervise the orders of the export-import agencies with regard to loading and unloading services and the storage of foreign trade cargoes at the ports where they are located also conduct operational accounting of the receipt and shipment of cargoes, as well as of the balance of export and import goods. In their accounting they utilize the data of railroad bills of lading and acceptance-release certificates, bills of lading, export and im-

port notifications, and various documents of the foreign trade agencies. These offices and departments submit to the central unit of the agency daily reports regarding the progress of loading and unloading operations. The movement of foreign trade cargoes at the ports. In addition to that once each month they send in overall reports on the movement of cargoes in ports. Sovfrakht offices and department transmit transportation and cargo documents as well as certain urgent reports to the All-Union export-import agencies.

Avtovneshtans (All-Union Office for Motor Transportation of Import and Export Cargoes of the Ministry of Foreign Trade USSR) departments which, on order of the All-Union agencies, move the foreign trade commodities by truck, and accomplish the associated loading - unloading and storage operations, conduct operational accounting of the receipt and shipment of cargoes and of the balance of export and import goods. The accounts are kept in books of standard form and reflect the movement of cargoes through border trans-shipment points and at railroad terminals. Exports are recorded on the basis of railroad bills of lading, acceptance certificates and commercial certificates, transport certificates, and acceptance-release certificates; imports are recorded on the basis of acceptance-release certificates, transport certificates, orders of the foreign trade agencies and railroad bills of lading. The Avtovneshtans agency submits to the Moscow office monthly overall statements about the movement of export-import cargoes at trans-shipment points based on the following indices: goods received, goods dispatched, goods still on hand at a given date. It also sends to the All-Union agency transportation and cargo documents as well as a number of urgent reports.

Mechanization of Operational Accounting.

The mechanization of recording and computing processes is an important condition for the proper organization of operational accounting. The use of calculating machines ensures a significant increase in the labor productivity of the accounting personnel, speedier recording of data, and a decrease in the time needed for compilation of operational statements of accounts. At the same time it leads to better documentation, simplifies the paperwork, brings about a rise in the quality of accounting work and a decrease in costs. The mechanization

of accounting substantially broadens its potentialities. The use of calculating machines makes possible the introduction of supplementary indices into accounting, the processing of which was previously limited by manual processing. Introduction of various calculating machines on a wide scale improves the organization of operational accounting and results in an increase of the general level of all accounting work. Operational accounting of foreign trade has important uses for computing and adding machines which are fed the initial data manually, and analytic computers which are fed data automatically.

The utilization of these various machines is organized on the basis of their potentialities and operating particularities.

A portion of the manually operated machines has been turned over to the mechanized computing plant - the Computing Plant of the Ministry of Foreign Trade, has a computer shop. These machines are used in a centralized manner for operational accounting and bookkeeping needs of foreign trade organizations. Other computing and adding machines are concentrated at the All-Union export-import agencies. Each agency has a number of these machines and utilizes them according to their own needs. Manually-operated machines are assigned to the staff directly involved in conducting operational accounting. Individual groups of workers engaged in a common task are provided with complete sets of machines.

In every set of machines there is a series of computing and adding machines calculated to meet the needs of accounting work. The number of different types of machines in the set depends on the nature of the operations being performed and the volume of work involved. Usually the adding machines predominate. All the machines included in a set are used collectively, this is especially true of the manually operated machines.

With such an organization of work the load per machine is increased and their usefulness is increased. Such an organization, however, has its disadvantages, because the accounting staff's work load is not distributed evenly over the days and months. The work load of the staff is subject to considerable fluctuations associated with deadlines for the compilation of the statements of accounts, that is, the collation of accounting data beyond the scope of the foreign trade organizations.

Deadlines for the submission of operational statements of accounts are established in such a way that the statement indices are completed in established form within

a period of ten days, beginning with the third of the month, following that covered by the statement of accounts. Of course, some data will extend beyond this period, but a large part of the work of completing the report forms falls in the ten day period between the third and thirteenth of the month. During this period when the reports are drawn up the staff's burden of work is at its peak, and consequently the machines are used the most during this period. Each worker now feels the need for working on the machines, and this need cannot always be met. Obviously, this makes the work of the staff more difficult, lengthens the time for drawing up the reports and in general complicates the office work. Nevertheless, even the existing method of utilizing the computing and adding machines at the foreign trade agencies must be considered most rational.

For the available manual machines to be utilized most effectively all the workers learn how to use them, so that each worker can handle them without resorting to outside help.

In recent years the number of manual machines provided for the foreign trade organizations has increased considerably. At the present time for every 100 accounting workers there is an average of approximately 50 computing and adding machines. This means that there is one machine for every two operational accounting workers.

The significance of the manual machines in operational accounting is very great since they greatly speed up the work. Their application in all cases without exception yields a positive effect, as compared with manual labor. However, no matter how effective these machines may be in increasing the productivity of labor, they cannot meet the demands that are facing operational accounting, demands that are facing operational accounting, demands that grow out of the present rapid development of foreign trade and the scale that it has reached.

A further increase in the productivity of operational accounting workers is essential. The expanding volume of foreign trade, the broadening and increasing complexity of its tasks, the increase in the number of foreign trade operations, with an unchanging, or even decreasing number of accounting workers, demands an increase in the tempo of work and a much more extensive mechanization of operational accounting. While continuing the work of further increasing the number of computing and adding machines at the foreign trade agencies and of improving

their utilization, it is also most essential and urgent to introduce into operational accounting automatic calculating machines, namely computers. The use of these machines will sharply raise the labor productivity of workers by tens of times as compared with work with manual machines. Labor productivity, however, is also many times higher with the use of manually operated machines.

The volume of accounting work in the offices of any one agency is not sufficient to provide a full load for the computer, therefore, they are utilized in a centralized manner. The computers are concentrated in the Computing Plant of the Ministry of Foreign Trade, which carries out accounting work commissioned by the foreign trade organizations. This Plant was organized in 1932, but the use of its equipment for operational accounting started only recently. Up to the end of 1954 it was used almost exclusively for bookkeeping work, and only beginning with 1955 after an increase in the amount of equipment at the plant and the introduction of new machines was the mechanization of a series of important operational accounting projects of the foreign trade agencies accomplished.

The processing of a majority of the subjects of operational accounting of the all-union agencies can be mechanized with the aid of the computation plant and experience has shown that the computers can be used for the following: contract accounting and the accounting of contract fulfillment, the accounting of deliveries of goods according to trade agreements, accounting of the export and import of goods, the accounting of the release of goods for export and accounting of the delivery of import goods to the national economy. The mechanization of these accounting processes yields the greatest effect, because they make up the basis of accounting work. Consequently, having them performed at the Computing Plant relieves the accounting staffs from the technical work of recording foreign trade operations.

The primary project to be mechanized was operational accounting of the delivery of goods according to trade agreements. This was extremely important since this is the most time and labor consuming aspect of the foreign trade accounting. Next at a series of agencies accounting of the export and import of goods, shipment of goods for export, and deliveries of imported goods to the national economy was mechanized. In such manner the majority of the All-Union agencies completed the first stage of mechanizing operational accounting.

The mechanization of these projects at foreign trade agencies and at the computing plant has great practical significance. As a result of this, the agencies gained experience in mechanizing operational accounting, they learned to work with the Computing Plant, and became accustomed to its demands. The accounting staffs got to know the advantages of mechanization, gained confidence in the computing plant, learned how to use tablegrams and broadened the processing scope. In turn, the Computing Plant gradually adjusted to demands of operational accounting and learned to satisfy its needs.

The second stage in the mechanization of operational accounting began after the Computing Plant was commissioned to conduct contract accounting. Control over the conclusion of foreign trade transactions and over their fulfillment has an important place in operational accounting. Since every export and import economic operation is accomplished on the basis of a bilateral transaction, contract accounting reflects all foreign trade operations in the order of their occurrence. Because of this the most time and labor consuming tasks of the accounting staffs are connected with the recording of contracts and the related foreign trade operations. Consequently, the mechanization of this aspect of accounting has the maximum beneficial effect. However, mechanization of contract accounting brings more difficulties too, since contract accounting is carried on in the branch offices and the data is used constantly in their economic work. In view of this it is inadvisable to deprive the branch offices of the contract accounting data even for a short time and it becomes necessary to let it remain. However, even in such a case contract accounting with the aid of computers is not only advisable but quite mandatory, this is confirmed by the available experience in the mechanization of operational accounting.

The conduct of contract accounting with the aid of computers along with manual machines in the branch offices considerably decreases the statistical accounting work at the foreign trade agencies. The branch offices are freed from the extensive work of summarizing contract accounting data in order to obtain overall information regarding the fulfillment of the assignments of the national plans in the export and import of their particular goods. With the mechanization of contract accounting the overall data is given to the branch offices in the tablegrams of the Computing Plant. Consequently, mechanization of contract accounting has important advantages for the agencies in

general and the branch offices in particular. The significance of mechanizing a given sector of accounting becomes even greater when one takes into account the fact that closely connected with it are other aspects of operational accounting, such as: deliveries of goods for exports, export and import of goods, fulfillment of trade and credit agreements, and the deliveries of imported goods to the national economy.

For machine processing of primary accounting data different documents are used, in some cases only those used in operational accounting, in others bookkeeping documents. Such an approach was dictated by the conditions existing at the different agencies with respect to operational accounting and the existing premises for the mechanization of operational accounting. However, in the selection of documents for use at the Computing Plant preference was always given to bookkeeping documents, which was favored by a series of circumstances.

In the first place consideration was given to the fact that these documents have been used for many years for mechanized bookkeeping accounts and were approved by the Computing Plant. Consequently, it was easier to adapt them for the mechanization of operational accounting; also, in general it is better to make use of existing documents than to create new ones.

In the second place consideration was given to the necessity and feasibility of bringing together the operational and bookkeeping accounting data as much as possible. This problem can be dealt with best by making use of one document for two different aspects of foreign trade accounting. Even with the existing difference in the subjects of bookkeeping and operational accounting the use of the documents means the establishment of a closer tie between their data, and from a practical viewpoint this is of great significance. It makes possible considerable improvement in the quality of accounting and frees the accounting staff from the necessity of carrying out tedious and time consuming work of double checking the two aspects of accounting in the All-Union agencies.

In the third place, due consideration was given to the fact that acceptance of a bookkeeping document for the mechanization of accounting considerably accelerated the preparatory work at the agencies and at the Computing Plant, and facilitated the utilization of experience in mechanized bookkeeping and programming for the computers.

However, a number of difficulties have been encountered and are still being encountered in the course of

using bookkeeping documents for the mechanization of operational accounting, the most serious of which are connected with the submission deadlines and the diversity of form and content of these documents. The bookkeeping documents submitted for processing by the computers are in many cases received so late that considerable time elapses between the completion of the economic operations and their accounting registration. This is a serious inadequacy in the work of mechanizing operational accounting, since by making use of the bookkeeping records it is deprived of one of its greatest advantages - the prompt availability of information regarding foreign trade operations. To avoid any inadequacies in the accounting of the economic operations with the mechanization of operational accounting the foreign trade agencies either complete by hand the data not covered in the documents or forward to the computing plant specially prepared documents. The application of any one of these methods depends on the number of operations that are not included in the documents for the periods covered in the compilation of the established statements of accounts.

Extensive difficulties arise in mechanizing operational accounting also because of the diversity in form and content of the bookkeeping documents which is still being observed. Since up to the present time no satisfactory standardization of form and content of documents has as yet been attained, the agencies deliver to the Computing Plant different documents for identical economic operations, and it therefore becomes necessary to use these diverse documents for machine processing in operational accounting as well.

As a result of work completed by the agencies and the Computing Plant a number of important aspects of operational accounting were mechanized as early as 1955, and at the present time almost all the agencies send to the Computing Plant the data of export-import operations, and receive in turn various processed data worked out on the computers. However, in some agencies both export and import operations are mechanized, in others only export operations, and in still others only import operations are mechanized. The degree of mechanization and the size and scope of accounting work varies in different agencies, which is mainly connected with the specific particularities of their commodities and the nature of their commercial activity.

With the introduction of mechanization in the All-Union agencies the organization of operational accounting was simplified, curtailed and improved in general. At a number of agencies the branch offices were relieved of a

significant part of their accounting work, which permits them to devote greater attention directly to commercial work of the export and import of commodities. Thus at Stanko - import (Agency for the Import of Machine Tools and Instruments), after the mechanization of their operational accounting, it became possible to relieve the branch offices from the task of submitting to the economic-planning department quite detailed statements of accounts on the pertinent commodities. The branch offices began to receive and utilize tablegrams from the Computing Plant regarding contracts concluded. At the Soyuzkhimeksport (All-Union Agency for the Export and Import of Chemicals and Medicinal Goods) the branch offices were no longer required to submit overall statements of accounts regarding deliveries of goods in accordance with trade agreements, the release of goods for export, and the delivery of goods to the national economy. The Eksportkhlleb (Agency for the Export and Import of Grain, Fodder and Food Products) completely abolished the accounting of the movement of export and import cargoes at their transportation of fire.

Of all the agencies that mechanized their operational accounting, the best results were attained by Stanko-import (Agency for the Import of Machine Tools and Instruments), Soyuzkhimeksport (All-Union Agency for the Export and Import of Chemicals and Medicinal Goods), Promsyr'yeimport (All-Union Import and Export Agency of the Ministry of Foreign Trade USSR, for industrial raw materials) and Eksportkhlleb. Let us examine the organization of mechanized operational accounting at Stanko-import, which began mechanizing its accounting before the others and attained good results. The experience of this agency is of unquestionable interest.

A higher degree of mechanization of operational accounting is observed here than at the other agencies. Stanko-import with few exceptions, mechanized all the basic aspects of its accounting. The most burdensome mass and time-consuming processes connected with foreign trade accounting are accomplished at the computing Plant. Almost the entire operational statements of accounts are drawn up on the basis of data processed at the Plant. With the aid of the computers Stanko-import conducts the following: export and import contract accounting; accounting of the merchandise dispatched for export by Soviet suppliers; accounting of exports according to the time of their passage across the national border of the USSR; accounting of the balance of export commodities in the USSR - at ports and border points and in transit to ports and border points;

accounting of the discharge of obligations stemming from trade agreements with foreign governments; accounting of the deliveries of imported goods to the national economy.

The documents used by this agency for the mechanized accounting of export operations are the notifications by the branch offices regarding the contracts concluded and the bookkeeping bills against the foreign purchasers of export goods. Telegrams of the Computing Plant are also used for repetitive processing.

The notifications from the branch offices on contracts concluded, which are sent to the Computing Plant contain a sufficient, though limited number of indices for the conduct of necessary processing. These notifications furnish, in codified form, the following information: the contract number, the commodity title, name of the purchaser; country, delivery category, delivery deadlines for the goods sold, the volume in a specific unit of measurement, cost in rubles on the basis of F.O.B. port of entry or free on car border of the USSR.

On the basis of these reports from the branch offices, the computing Plant calculates the transaction turnover in terms of FOB prices for the corresponding reporting period and compiles processed data regarding the contracts concluded in terms of goods and contracts as well as by countries, goods and contracts; the processed data also gives the total volume of each commodity, broken down into quarterly delivery period. Punch cards, perforated on the basis of the notifications, are kept at the Plant and are subsequently used in the compilation of processed data regarding the fulfillment of contracts. The processed data of the computing Plant is used by the agency for completing the different indices contained in the existing forms of operational statements of accounts. The indices to be completed in the form # 3 are: "Total Number of Contracts concluded" and "Including those with delivery deadlines by the report date"; the indices of form #8 are: "Total number of contracts executed" and "Including a breakdown according to delivery deadlines (Distributed by quarters)."

The bookkeeping bills against foreign purchasers contain data necessary for accounting of the dispatch of goods for export. These bills reflect the following: name of the country of destination of the export goods, designation of the purchaser, the contract number, number of the railroad bill of lading, the commodity title, the volume expressed in a specific unit of measurement, and cost of the goods in rubles. Utilizing the data contained in the bills the Computing Plant compiles the

information about deliveries of goods for exports by the domestic industry, in terms of countries and commodities. On the basis of this information form # 3 is filled out under the heading "Dispatched From Enterprises".

In the tablegram which is based on bookkeeping bills the economic planning department of Stankoimport notes the transit of the goods across the national border of the USSR and returns it to the Computing Plant, which on the basis of such additional information compiles two statements. One of them deals with the fulfillment of contracts with foreign purchasers; it includes data about the volume and cost of the goods subject to delivery according to contract as well as those already delivered by the reporting date, and also information about the volume and cost of the goods that are overdue. This data is compiled according to countries, commodities and contracts, and according to commodities and countries.

The other statement contains information about the balance of export goods in the USSR - in transit to the ports of shipment and border points, and also those at ports and border points. On the basis of these statements a large number of important indices are completed, in the statement of accounts forms: in form # 3 - "Contracts concluded", "Delivered (crossed the border of the supplier country)" and "Overdue fulfillment of contracts"; in form #4 - "Export plans fulfilled", in form # 6 - "Total exports by the reporting date" and "Balances of export goods in the USSR".

Mechanized accounting of import operations is conducted in Stankoimport on the basis of notifications regarding contracts concluded for imported equipment, acceptances of the bills from foreign suppliers of commodities and bills against the Soviet purchasers of the commodities.

Notifications by the operational offices regarding the issuance of orders is indicated in coded form: the commodity title, name of the seller's country; number of the order; commodity delivery deadline; the volume in a specific unit of measurement; and cost in rubles. By utilizing those notifications the computing plant calculates the transaction turnover in FOB prices for imports for the corresponding reporting period and compiles processed data regarding the total number of orders placed, in terms of goods and orders, as well as in terms of countries, goods and orders.

Both pieces of processed data indicate the total volume of each commodity in quarterly delivery period.

On the basis of such processed data the agency completes the forms, as follows: form #3 - "Total number of contracts concluded"; form # 8 - "Total contracts carried out" and "including a breakdown by dates of delivery (quarterly distribution)".

Accounting of the fulfillment of orders by means of the computers is conducted on the basis of acceptance notices of bills from foreign suppliers, compiled by operational offices. These acceptance notices indicate: designation of the commodity, name of seller's country, port of entry, category of delivery, the order number, month and year of delivery, commodity volume in specific unit of measurement, and the cost in rubles. On the basis of the acceptance notices the Computing Plant compiles the processed data, which characterizes the fulfillment of contracts concluded with foreign suppliers of goods. The processed data contains information, broken down by country, commodity and contract regarding the volume and cost of commodities, subject to delivery by the reporting date and actually delivered as well as information regarding the volume and cost of goods overdue according to contract terms. This processed data is used by the agency for completing the following form # 3 indices "Contracts concluded and dates of delivery", "Delivered (crossed the border of supplier's country)" and "Contracts overdue".

The bookkeeping bills against Soviet consignees of imported goods reflect the following name of the name of committed party (party ordering the import commodity), number of the order, name of country of seller, volume in a specific unit of measurement, cost of the commodity in rubles. On the basis of this data the Computing Plant works out processed data regarding imports in terms of countries and goods, and goods and countries, as well as deliveries of import goods to the national economy according to goods and consignees. On the basis of the processed data from the Plant the agency completes the following indices: form # 2 - under headings "Deliveries as of the beginning of the year" and "Deliveries as of the beginning of the reporting quarter"; form # 4 - "Fulfillment of the Import Plan"; form # 7 - "Imports - sum total."

Receipt and processing deadlines for the bookkeeping documents do not assure the availability of adequate data regarding foreign trade operations, conducted during a certain period of time, inasmuch as operational statements of accounts are compiled within a few days after the reporting date. As a result, the processed data compiled on the basis of these documents needs to be

supplemented with information yielded by telegraphic notifications. With Stankoimport operations such supplementary information is ensured by the compilation and delivery to the Computing Plant of lists of goods dispatched by suppliers, the bookkeeping documents for which have either not yet been received or are in the process of being compiled at the time the statement of accounts forms are being completed. These lists are drawn up by the operational offices in a specified form within strict deadlines. The Computing Plant punches the cards on the basis of these lists and supplements the data it processes. Subsequently, the economic planning department of the agency sees to it that the goods listed should not again appear in the bookkeeping documents sent to the Computing Plant, the exception being in those cases where the reports have to supplement or change the date of the operational office lists.

Certain important problems of mechanizing operational accounting are still to be solved at Stankoimport. In time, this will further raise the quality of mechanized accounting and will broaden its possibilities. However, even now it must be recognized that the experience in the mechanization of accounting at this agency has been most successful. It is important that here contract accounting is done by the Computing Plant. Inasmuch as export-import operations are invariably associated with, or stem from, the discharge of contracts, the mechanization of this aspect of the accounting work expands the potentialities of operational accounting at Stankoimport.

The Nomenclature and Classification of Commodities in the Foreign Trade Turnover

In the post-war period the commodity composition of Soviet foreign trade has expanded many times and is still continuing to expand. Because of this, difficulties arose in the study of the commodity composition of exports and imports, in the planning, accounting and statistics of foreign trade. The reason for these difficulties was the fact that differing commodity nomenclatures were being applied in the various areas of foreign trade activities. This variety in the nomenclatures frequently led to a lack of coordination in the data, interfered with the conduct of necessary correlations, and made the analysis and study of foreign trade data more difficult.

In order to eliminate these difficulties a model draft entitled "Unified Nomenclature for Foreign Trade Commodities" was prepared and published in 1953. On publication, this draft was widely discussed with foreign trade workers.

After carefully studying all aspects of the suggestions proffered, it was revised and published in 1954 in its final form. The book began to be used by foreign trade agencies in 1953. To bring about coordination of all the data of USSR foreign trade, statistical data for the entire period since 1917 was brought into coordination with the existing nomenclature.

The list of products included in this book exceeds 3,000 titles (positions) and more than 3,700 sub-titles. All commodities exported abroad or imported into the USSR are included. Thus, this publication embraces both the commodities - whose cost comprises the commodity turnover of the Soviet government and goods that are exported and imported on a non-commercial basis.

In order to ensure coordination of nomenclature among the statistical data of previous years as well as in the interest of comprehensiveness, the publication includes lists of commodities that were involved in export and import in the Soviet Foreign Trade during previous years. This was possible due to the fact that in the preparation of the book the nomenclature of the former plans was examined with respect to commodities, bookkeeping and accounting. In compiling the nomenclature of contracts, specifications, price lists and any other sources that could yield information were also utilized. Commodities that were still being processed in foreign trade agencies and were not yet being exported or imported were also included. In the files of foreign trade agencies there are always suggestions by industrial, trade and other enterprises regarding export and import of commodities which have not yet been fully accepted, and therefore are not yet being implemented. These suggestions too, whenever they concerned exports or imports, were included in the nomenclature. Therefore, all sources of information were called upon if they could throw light on foreign trade, and this resulted in comprehensive lists of commodities. Finally, not only those commodities were included that were actually being exported or imported at the time the lists were formulated, but also the foreign trade commodities of previous years and the potential exports and imports of the coming years.

The classification system of the "Unified Nomenclature for Foreign Trade Commodities" consists of 9 sections, 57 groups and 280 sub-groups. The distribution of groups and sub-groups in each section is as follows:

Order of Sections	Names of Sections	Number	
		Group	Sub-group
1	Machinery and equipment	10	59
2	Fuel, Mineral raw materials, Metals	10	45
3	Chemical Products, fertilizers, rubber	6	30
4	Structural Materials and parts	3	12
5	Raw materials of vegetable and animal origin (except foods)	10	42
6	Live animals (except for slaughter)	1	5
7	Raw materials for production of food-stuffs	3	10
8	Foods	5	29
9	Consumer goods	9	48

This system of classification permits the distribution of foreign trade commodities as means for production and consumer goods, industrial products and agricultural products, finished goods and raw materials. At the same time it allows the addition of supplementary economic groupings under one basic heading without particular difficulties. For this purpose it is only necessary to make corresponding regroupings of commodities, without affecting the individual commodity titles individually.

In compiling the "Unified Nomenclature for Foreign Trade Commodities" the most important task was to secure unity, that is comparability of the commodity titles in the plans and statements of accounts, of foreign trade, and also in operational bookkeeping and statistical accounting. Comparability of commodity nomenclatures is one of the most essential conditions for correlating accounting data with the plans, and the results of operational bookkeeping and statistical accounting. Comparability plays an important role in the verification of accounting data on mutual deliveries of goods according to trade agreements, between the USSR and the Peoples' Democracies. Here the significance is not the reliability of the accounting data, which is taken for granted, but its comparability. Without this condition it is impossible to assure a proper, unilateral evaluation of the volume of the commodity turnover.

and the level of fulfillment of current deliveries according to inter-governmental agreements, just as it becomes more difficult to evolve a program of further deliveries. The "Unified Nomenclature for Foreign Trade Commodities" simplifies and facilitates the verification of mutual deliveries made on the basis of trade agreements, as well as of the compilation and coordination of commodity lists for the impending commodity turnover among the socialist countries. The element of comparability is further aided by the fact that the indicated nomenclature lists the appropriate unit of measurement opposite each group and sub-group.

A necessary condition for the proper organization of operational bookkeeping and statistical accounting of foreign trade is the availability of timely and proper documents of foreign trade operations. The application of the "Unified Nomenclature for Foreign Trade Commodities" improves the quality of the documents, since it assures uniformity in the nomenclature and numerical designation of commodities.

The development of mechanized accounting of foreign trade made it imperative to establish a single system of commodity designation - a commodity number (numerical cipher commodity code). The establishment of such designation is the most important task of commodity nomenclature. The "Unified Nomenclature for Foreign Trade Commodities" has properly resolved this task. It contains a simple numbering system suitable for broad application. The commodity ciphers contain neither Roman numerals nor alphabetical designations. The commodity code is indicated in arabic numerals, and consist of six digits each of which refers to a corresponding class sub-division in the "Unified Nomenclature for Foreign Trade Commodities". The first digit indicates the section, the second the commodity group, the third the commodity sub-group, the fourth and fifth the title of the commodity, and the sixth digit indicates the sub-title. The accepted system of numbering provides the possibilities for further expansion of the nomenclature without disrupting the numbering order. This is possible because of the unused numbers under the sub-groups and the commodity titles under which new commodity titles and sub-titles may be made available.

The number of commodity titles and their detailed descriptions may vary in the different areas of application of the "Unified Nomenclature for Foreign Commodities" (such as in planning, accounting and statistics). Commodity accounting is usually based on a broad nomenclature

while the plans and statements of accounts are based on a narrower nomenclature. In general collective designations are not permissible in commodity accounting, in which individual designations are predominantly reflected. Moreover, not infrequently, it specifically indicates leading types of individual commodities. Therefore, the commodities included in the "Unified Nomenclature for Foreign Commodities", are fully reflected in commodity accounting.

The commodity nomenclature of plans and statements of accounts cannot be as broad as the accounting nomenclature. A broad commodity nomenclature makes them unwieldy and inconvenient for use, makes their examination more difficult, and hinders the realization of active control over the fulfillment of assignments of the national plans. Hence the commodity nomenclature of plans and statements of accounts must be compact and easily surveyed. The most important key commodities should be reflected in these nomenclatures, and at the same time the full variety of goods in foreign trade should also be reflected. This means that along with the names of more important commodities the nomenclature of plans and statements of accounts will also contain commodity sub-groups and groups which reflect the movement of the desired and known circle of goods. Only with such a nomenclature is it possible to facilitate and simplify the analysis of plans and statements of accounts, their close examination and acceptance.

The "Uniform Nomenclature for Foreign Trade Commodities" is used for the compilation of commodity nomenclatures for plans and statements of accounts, and offers broad possibilities for such use. In the compilation of such nomenclatures commodity titles are selected, i.e. titles having a five digit commodity code. As the "Unified Nomenclature for Foreign Trade Commodities" contain over 3,000 titles, their number is reduced by using collective designations in the plan and statement of accounts nomenclatures, i.e. by unifying similar commodities into groups. For this purpose sub-groups are used, i.e. titles with three digit commodity numbers and in some cases even commodity groups with a two digit commodity code. Such unification can be accomplished in two ways: by excluding commodity titles included in the sub-groups and leaving only the sub-groups, or by excluding part of the commodity titles and leaving in the nomenclature of plans (and statement of accounts) the sub-groups of the remaining titles.

Preference is usually given to the second method as in this way the plans and statements of accounts reflect, along with the more important commodities, also

the volume of operations for each homogeneous group of commodities. In such cases, for the convenient examination of the plans and statements of accounts the notation "including" is written after the designation of the sub-group. This signifies that the following commodity titles come under the given collective designation, and at the same time indicates that all the commodity titles in this sub-group are brought out into independent titles.

Commodity nomenclature of plans and statements of accounts satisfies the requirements of economic management best if it is unified. With the presence of such a nomenclature, comparability of statement of accounts and plan indices is attained, and consequently, the task of verification and analysis of the fulfillment of plan assignments is facilitated. However, in the development of commodity nomenclature for foreign trade plans, and statements of accounts it is necessary to give due consideration to the specific peculiarities of the commodity composition of the export and import trade. The stock of commodities involved in export and import trade is usually not similar, especially if trade with the different countries is considered. This is the reason why export commodity nomenclature has to be uniform both for plans and for statements of accounts, but it may not be identical with the nomenclature of import plans and statements of accounts.

Foreign trade organizations also base their commodity nomenclatures on the "Unified Nomenclature for Foreign Trade Commodities" In compiling such a nomenclature the foreign trade organizations include all the commodity titles and sub-titles that pertain to them, regardless of whether these commodities are being exported (imported) at that particular time.

Development of Organizational Forms of Operational Accounting.

The organizational structure and methods of operational accounting change systematically, adapting themselves to the current requirements of economic management and control, they improve and become perfected along with the development of foreign trade and the expansion and increasing complexity of its tasks.

The present organization of operational accounting as well as the present forms and methods of conducting foreign trade did not come into existence at once, its de-

velopment took a long time. Organizational forms and methods of conducting operational accounting changed gradually, in accordance with changes in the system of directing foreign trade and in the methods of accomplishing export and import operations.

The organizational structure of operational accounting is determined by the organizational structure of foreign trade. At different stages in the development of the socialist economy the structure of foreign trade was determined by the changing conditions of the domestic economy and the situation abroad. The Party and the government always attributed great significance to the problems of foreign trade. The most important directives with respect to forms of foreign trade organization are contained in the decisions of the October Plenum of the TS-K RKP (b) [Central Committee of the Russian Communist Party (b)]. These decisions state the following: "While preserving the system of foreign trade monopoly, we must at the same time adjust the forms of its organization to the changing economic conditions and tasks of the Soviet Union." [See Note] These decisions were the basic principles on which the Soviet government constantly improved the organizational forms and methods of conducting foreign trade.

In the evaluation of the organizational forms and methods of operational accounting of foreign trade the following basic periods may be noted:

The first period extends from the beginning of Soviet Foreign Trade to 1929-1930. During this period the foreign trade operations, associated with the sale and purchase of goods, were basically realized abroad. Trade representatives of the USSR and Soviet economic organizations working under their control which had the right of independent representation in foreign markets, concluded foreign trade transactions and managed their fulfillment.

During that period operational accounting accomplished many important tasks for the foreign trade representatives and organizations under their control. It provided for them necessary foreign trade data for the economic management and control of their transactions.

[Note] KPSS v Rezolyntsiyakh i Resheniyakh Svezdov, Konferentsiy i Plenumov TsK (CPSU in Resolutions and Decisions of Congresses, Conferences and Plenums of the Central Committee) Part II, State Publishing House of Political Literature, 1954, page 178.)

Accounting registration, associated with export and import was basically concentrated with the trade representatives and economic organizations. Such an organization of operational accounting was dictated by the conditions of foreign trade existing at that time.

The accounting staff conducting operational accounting at that time gradually adapted itself to the requirements of economic direction of foreign trade. By the end of this period a Soviet was active in the Narkomtorg USSR (People's Commissariat of Trade) for accounting matters; this Commissariat examined and adopted forms of operational bookkeeping and statistical accounting. The economic department of Narkomtorg was delegated with the establishment of operational accounting and the processing of its data. The practical work of operational accounting of foreign trade operations abroad and of the compilation of established statements of accounts was done by the statistical departments at the offices of the trade representatives.

However, at the beginning of this period there was no unified center to direct operational accounting conducted by the trade representatives abroad. Consequently, each trade representative had his own system, there was no uniform method of accounting.

In order to improve operational accounting by the trade representatives abroad and to work out measures for the further development of operational accounting, special conference of accounting workers was arranged at Berlin in 1926. At this conference prevailing operational accounting practices were summarized and principles for its methodology were promulgated. On the basis of materials of this conference the economic department of the Narkomtorg USSR developed instructions for the USSR trade representatives regarding the compilation and presentation of statistical statements of accounts of foreign trade. These instructions were accepted by the Soviet on statement of accounts matters with the Narkomtorg USSR and, in March 1927, was forwarded to the trade representatives for compliance.

The second period extends from 1930 to 1934-1935. This period is characterized by a gradual transfer of administration of exports and imports from the foreign offices to the Soviet Union. By 1930 a clearly defined shift of accounting and statistical work, previously accomplished by the trade representatives to the USSR was noted. Since the accounts with foreign firms had already been transferred to the Soviet Union, the bookkeeping accounts were, as a rule, transferred to the All-Union agencies.

Operational accounting, to a great degree still remained with the trade representatives and reflected their economic activities. The All-Union export and import agencies which began their early foreign trade transactions on a monopolistic basis, began more and more to take over the operations of the trade representatives in the commodities pertaining to them. This inevitably led to a decreased role of accounting at offices of the trade representatives and to the increasing significance of operational accounting at the All-Union agencies.

The instructions of the Narkomvneshtorg USSR (People's Commissariat of Foreign Trade) with reference to accounting by the representatives abroad in 1932, issued in December 1931, indicated that the instructions were "to complete in final form the reorganization of bookkeeping accounting at the offices of trade representatives, undertaken in April 1930, on the basis of the general directives regarding its transfer to the Soviet Union." The operational accounting at the offices of trade representatives encompassed all foreign trade operations, both their own and those commissioned by the export and import agencies, the economic activities of the trade representatives consisted of the conclusion of foreign trade transactions and of their fulfillment, as well as of assuring the fulfillment of transactions transferred to the trade representatives for execution. The data essential to the trade representatives for their daily practical work were derived from operational accounting, consequently, special attention was given to it in the directives of the Narkomvneshtorg.

The organization of operational accounting by the trade representatives abroad as it existed in 1932 did not undergo serious changes until the end of the second period; the volume of accounting, however, done by the trade representatives gradually decreased in accordance with the transfer of foreign trade operations to the Soviet Union.

By the end of 1934 the greatest part of foreign trade operations were accomplished in the USSR, and the trade representatives were responsible for a few operations, consisting primarily of the execution of foreign trade transactions on commission from the USSR agencies at home. Fulfillment of export and import transactions was now the responsibility of the agencies, the trade representatives were relieved of that task. These important changes in the forms and methods of foreign trade could not but bring about considerable changes in the organization of operational accounting. The bookkeeping work of the trade repre-

representatives abroad lost its previous importance. Of decisive importance now was the operational accounting at the All-Union agencies, it encompassed all aspects of the operational activity in foreign trade. Operational accounting, conducted by the export and import agencies became the fundamental source of data essential to the managements and control of economic activity in foreign trade.

The expansion of the tasks of operational accounting and the increase in the volume of accounting work required organizational changes in the agency staffs. Operational-statistical departments were created in the majority of the agencies for the conduct of operational accounting and the compilation of established statements of accounts, while in others the number of accounting personnel was increased in the planning departments. These measures led to an improvement in the quality of operational accounting and the statements of accounts in the agencies, since greater emphasis was placed on the conduct of accounting. The content of operational accounting and its tasks as well as the volume of accounting work at the agencies was by directives from the Narkomvneshtorg.

In accordance with the 1934 instructions the export agencies assured operational accounting of the fulfillment of agreements, deliveries of goods for export, export of goods abroad, payments for goods and other operations connected with exports. The basis of export accounting was the accounting of the fulfillment of agreements which, in addition to reflecting information that was of purely operational significance, reflected transaction obligations and the course of their fulfillment, beginning with the shipment of goods for export to the receipt of payment.

The third period began in 1935 and extended to the middle of 1941, i.e. to the beginning of the Great Patriotic War. The transfer of foreign trade operations from abroad to the USSR was concluded at the end of the second period. Basically all foreign trade operations were now carried out in Moscow by the export and import agencies. All the technical and preparatory work regarding the geographical distribution of import orders placed abroad and the sale of exports, as well as receipt and registration of goods and the settlement of accounts with foreign firms were assigned to the agencies. The trade representatives were now principally engaged in operations involving the execution of foreign trade transactions abroad on behalf of the agencies, and the sale of certain export goods shipped abroad for sale from warehouses. They were re-

lied of operations in carrying out the transactions and accounting for the goods even in those cases where the contracts were drawn up by themselves.

In the preceding period a significant part of export goods were shipped abroad for sale and sold through the offices of the trade representatives, now, however, the majority of the commodities, were delivered after sale through contracts, the export of unsold goods was allowed only as an exception.

The changes in the methods of conducting foreign trade brought about changes in foreign trade accounting practices. Operational accounting of foreign trade was still being conducted at the offices of trade representatives. However, in 1934 considerable efforts were made to relieve them of this task, resulting in considerably curtailing their statements of accounts and improving their accounting work. The main burden of the accounting work was as of then, re-delegated to the all Union agencies.

The organization of operational accounting at the export import agencies continued to be without substantial changes from what they became by the end of the second period. However, this applies only to that portion of operations which were carried on with the outside world. With regard to the organization of domestic procedures and activities pertaining to foreign trade aspects and their reflection in operational accounting, extensive change took place there by the end of the third period, changes that were the result of a radical reorganization of the inter-relationships among the All-Union export and import agencies and the domestic suppliers of export goods and the customers of imported goods.

Management of operational accounting of foreign trade was realized at the beginning of the period just examined by the accounting department of Narkomvnesh-torg, which was also commissioned to conduct the processing of operational statements of accounts data. Subsequently Narkomvnesh-torg underwent a reorganization in its accounting organs as a result of which operational accounting and the processing of its export data regarding Western countries was assigned to the special export department and import data to the import department. The processing of operational accounting data - both export and import for Eastern countries was centered at the Eastern department. A unified center for operational accounting was non-existent and consequently it was impossible to get overall data on foreign trade of the USSR through operational accounting. The absence of such a center was

a great obstacle in the course of the development of operational accounting.

This deficiency in the organization of operational and statistical accounting of foreign trade was eliminated in March of 1941 when an economic-accounting department was created in the organization of Narkomvneshtorg which was charged with the responsibility of directing operational accounting of foreign trade and processing its data. This department, according to stipulated conditions, was to be in charge of the following: organization and improvement of operational and statistical accounting at the agencies, organizations and institutions of Narkomvneshtorg; the development of a system of indices and a methodology for foreign trade accounting and the management of operational accounting and statistics; instruction and supervision over the correctness of accounting data, as well as verification of accounting and statements of accounts of the agencies; development of forms and instructions for accounting and compilation of the statements and the composition of overall data; the processing and systematizing economic-statistical data on the foreign trade of the USSR; accounting of the fulfillment of the national plan and of the trade agreements; analysis of the efficiency of the foreign trade operations; compilation of the financial balances on export and import commodities. The statistical processing of operational accounting data was centralized in the economic accounting department. Thus it was finally possible to obtain overall data on the foreign trade of the USSR as a whole.

The fourth period continued from the second half of 1941 to the middle of 1945, i.e. the duration of the Great Patriotic War. Under wartime conditions and with the reorganization of the whole system of USSR's ties with foreign governments, radical changes took place in the organizational forms and methods of conducting foreign trade. This in its turn called forth changes in the organizational forms and methods of conducting foreign trade.

Operational accounting of the USSR's trade delegations abroad assumed a decisive significance during this period, while the accounting by foreign trade agencies receded to a secondary importance. All of the basic data necessary for the management and control of foreign trade was now obtained through operational accounting of the trade delegations abroad. Measures were taken to establish and strengthen the necessary accounting personnel at

these trade delegations. Imports were now given predominant emphasis by the trade delegations, while exports received lesser attention. In the accounting of exports the leading role remained with the agencies; an important part of export operations remained with them.

During the middle of the wartime period the basic portion of the work of operational accounting of exports and imports was assumed by the economic-accounting department of Narkomvneshtorg, which up that time had been mainly conducting the statistical processing of statements of accounts data of the All-Union agencies. Now, however, this department became the accounting center for all the commodity movements, from the moment the orders were placed to the time of their delivery to the Soviet customers.

The organization of proper accounting of the fulfillment of obligations stemming from agreements of the USSR with the Allied Powers was of great importance, since it was on this basis that mutual commodity deliveries were realized. The agreements stipulated the volume and delivery deadlines and established the commodity quotas. The task of operational accounting had to reflect, in a timely and proper manner, the course of fulfillment of the coordinated deliveries.

The fifth period began in the middle of 1945, i.e. after the end of the Second World War. Important changes took place during this period in the forms and methods of conducting foreign trade. Economic relations with the Peoples' Democracies was based on bilateral agreements on the exchange of goods and payments, which stipulated the quotas for mutual deliveries of goods and the manner of clearing accounts. This procedure became important in the USSR trade relations with capitalist governments, as well.

During the postwar period the situation changed radically. The All-Union agencies again regained their former position and are now conducting foreign trade operations. The trade representatives abroad perform only a small part of these operations on orders from the agencies.

Under the new conditions it was also necessary to change the organization of the operational accounting of foreign trade. Accounting at the offices of trade representative abroad lost the significance it had during the war. All of the data necessary for planning and operational management of foreign trade economic activities now comes from the All-Union agencies. Operational accounting tasks of the agencies have increased considerably in the postwar period. The volume of work is much greater as

a result of the growth in the turnover of goods, the expanded nomenclature of export and import goods, as well as the important changes in the forms and methods of foreign trade. During this postwar period supervision over the fulfillment of commodity quotas of the bilateral agreements assumed the greatest significance. This brought about a large number of new tasks for operational accounting and an increase in the volume of accounting work.

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The role of operational accounting of the foreign trade of the USSR and its significance increase in proportion to the expanding and strengthening economic ties of the USSR with foreign countries. Operational accounting is in a constant state of constant development as a tool for the management and supervision of foreign trade operations. Its forms and methods are constantly improved and perfected.

The work of improving operational accounting proceeds systematically. Especially outstanding work was done in this field during the post-war years. The measures introduced in this period were followed by important labor-saving results and a marked improvement in the quality of operational accounting by the foreign trade agencies.

The present organizational structure of operational accounting of foreign trade became established, and the methods of its conduct have fully justified themselves. The organization and methodology of this type of accounting ensures the proper execution of its tasks.

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