

**GENERAL INSTRUCTION MANUAL****216.611**

ISSUING ORG. ACCOUNTING POLICIES &amp; SYSTEMS DEPARTMENT

ISSUE DATE  
09-19-07REPLACES  
09-24-06

SUBJECT VEHICLE USAGE COST ALLOCATION

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**CONTENT:** This instruction outlines the procedures for processing, reporting and reallocating costs to users for assigned vehicles usage and cargo services provided by Transportation Department. It also outlines the role of Operations Accounting in preparation of necessary Accounting Reports related to such usage. The text includes:

1. Glossary
2. Introduction
3. Vehicle Usage
4. Cost Distribution Rates
5. Usage Cost Processing
6. Usage Cost Reporting

**1. GLOSSARY:****1.1 ABBREVIATIONS**

CE	Cost Element
COU	Cargo Operations Units
CSC	Cargo Services Cost
ESP	Equipment Storage Pools
GI	General Instruction
SAP F&L	SAP Finance & Logistics
TD	Transportation Department
TCV	SAP Truck & Cargo Vehicles
TLV	SAP Transportation Leased Vehicles
VAP	Vehicle Available Pools

**1.2 GENERAL INSTRUCTIONS**

1245.001	Services Provided by Transportation Department
202.330	Capital Assets – Service Lives and Depreciation
216.965	Cost Distribution Rates
287.001	Full Cost Accounting

**1.3 COST ELEMENTS**

8000200	Owned Vehicles
8000201	Cargo Services
8000202	Sulfur Hauling Svcs
8000203	Leased Vehicles
8000204	Contractor Cargo

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1.4 REPORTS/EXTRACTS

ZTI00001	Leased Assigned Vehicles By Account Code (SAP F&L)
ZTI00002	Saudi Aramco Owned Assigned Vehicles By Account Code (SAP F&L)
ZTI00003	Customer Shipment Billing (SAP F&L)

**2. INTRODUCTION:**

2.1 All vehicles owned by Saudi Aramco and administered by TD are designated with an alpha-numeric prefix (class) followed by four digits. There are three equipment classes, defined as follows:

0X: Trailers and semi-trailers regardless of specific application. Examples are flat-beds, wire-racks, water and fuel tankers, refrigerated vans, dry-vans, etc.

1X: Light vehicles with gross vehicle weight of less than 10,000 lbs, such as sedans, ambulances, pickups, vans, etc.

2X: Medium and heavy trucks with gross vehicle weight of more than 10,000 lbs, such as tractors, powered tankers, fire trucks, man lift trucks, etc.

Note: For more details about motor equipment and vehicle types, refer to GI 202.330 and GI 216.965.

2.2 Contracted cargo equipment administered by TD and operated by contractor's personnel is identified by six character combinations. The first two digits refer to the activity type/class of equipment, the next two are alpha characters and identify the contractor, and the last two digits are the serial numbers (e.g., 01-BK-03).

2.3 Cargo equipment contracted on a short form basis, for single jobs or very short periods of time, do not always carry a Saudi Aramco number. In such cases, a contractor number or the vehicle's plate number may be used for identification in Saudi Aramco cargo documentation.

2.4 Light and Medium Vehicles contracted to Aramco, but serviced by the contractor, are identified by a prefix indicating their administrative center (DH, ABQ, RT, JD, RY, EW or SY) followed by a 4 digit number.

2.5 TD SAP Plant Maintenance System monitors the vehicle usage and cargo services. These are TCV for company owned vehicles and cargo services and TLV for rented vehicles.

**3. VEHICLE USAGE:**

Company owned, leased, and contracted vehicles administered by TD are used in different ways, as follows:

3.1 Vehicles permanently or temporarily assigned to organizations for use in their operations. These include vehicles assigned to TD for their internal operational use.

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- 3.2 Vehicles assigned to U-Drive pools to be used by any organization and managed by SAP Transportation U-Drive Vehicles (TUV) solution.
- 3.3 Vehicles assigned to the Cargo Operations Units of TD for performing cargo services requested by any organization.
- 3.4 Vehicles retained by TD in the ESP, or VAP pending assignment, retirement from service, sale, or other disposition.
- 3.5 Vehicles retained by TD in the Replacement Pools for use as temporary replacement while permanent assigned vehicles undergo maintenance or repair.

Refer to GI 1245.001 for more information on services provided by Transportation Department.

**4. COST DISTRIBUTION RATES:**

- 4.1 The usage rates are by specific vehicle type used or activity type, and beginning in 2007 the effective rates are full cost rates (refer to GI 216.965). Refer to GI 287.001 and Financial Analysis & Performance Advisory Department intranet site for detailed discussion on Full Costing.
- 4.2 The usage costs of all assigned vehicles are reallocated to users on a monthly basis. Leased and Owned vehicles are charged to the user as support services costs.
- 4.3 The cost associated with vehicles assigned to TD's, ESP, VAP, U-Drive and Replacement Pools are not directly reallocated to any organization. Instead, these costs are included in the usage rates published in GI 216.965.
- 4.4 The cost of vehicles assigned to TD's COU and used for performing cargo services are reallocated to users on a shipment basis as support services costs. The shipment cost depends on whether the vehicle used is owned or contracted and on the specific vehicle type used.

**5. USAGE COST PROCESSING:**

- 5.1 The usage cost for owned vehicles permanently or temporarily assigned to user organizations is calculated by applying the respective monthly usage rates to vehicles in the possession of the user as of the monthly closing date. Program ZTI00002 (Part of SAP F&L "Finance and Logistics") creates a Batch file which includes the vehicle assignments, cost centers, cost elements, and applicable rates for each charged vehicle.
- 5.2 The usage cost for leased vehicles permanently or temporarily assigned to user organizations is calculated by applying the monthly rates to vehicles in the possession of the user as of the monthly closing date. Program ZTI0001 (Part of SAP F&L "Finance and Logistics") creates a Batch file which includes the vehicle assignments, cost center, cost elements, and applicable rates for each charged vehicle.

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5.3 The CSC is reallocated on a monthly basis by adding all shipments processed during the month for the respective users. Program ZTI0002 (Part of SAP F&L "Finance and Logistics") creates a Batch file which includes the shipment numbers, cost centers, cost elements, and applicable amount for each shipment.

5.4 On a monthly basis, the above mentioned files are read by Finance Control M Interface (via Job ZAAGLA43). The Interface begins the process of direct activity allocation. SAP transaction KB21N Enter Direct Activity Allocation will create the following financial transactions to charge users' cost objects:

5.4.1 Owned assigned vehicle cost reallocation.

Debit	Various User cost centers below the line, CE 8000200.
Credit	Clearance Accounts (under cost center group: IISOTOV "Owned Vehicles")

5.4.2 Leased assigned vehicle cost reallocation.

Debit	Various User Cost Centers below the line CE 8000203
Credit	Clearance Accounts (under cost center group: IISOTLV "Leased Vehicles")

5.4.3 Shipment owned vehicles - CSC reallocation.

Debit	Various User Cost Centers below the line CE 8000201
Credit	Clearance Account 723717, "Collection of Owned Cargo Expenses"

5.4.4 Shipment contracted vehicles - CSC reallocation.

Debit	Various User Charge Accounts Cost Centers below the line CE 8000204.
Credit	Clearance Account 723716, "Collection of Contracted Cargo Expenses"

5.4.5 Shipment Sulfur Vehicles – CSC reallocation

Debit	Various User Charge Accounts Cost Centers below the line CE 8000202.
Credit	Clearance Accounts (under cost center group: IISOSUL, "Sulfur Haul")

5.5 TD is the proponent of the TLV and TCV SAP Solutions. Therefore, TD is responsible for ensuring that the necessary cost reallocation files are made available on time for processing the monthly financial transactions. Both systems are supported by SAP Computer Center.

## 6. USAGE COST REPORTING:

6.1 The ZTLV016 - LV Summary by Activity Type is generated by TLV. ZTCV323 - Owned Vehicle Fleet Report and ZTCV400 – Cargo Shipment Report are generated by TCV. These reports are available in SAP Finance & Logistics.

SAUDI ARABIAN OIL COMPANY (Saudi Aramco)

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Approved: [Original signed by R. A. Krygsman]  
R. A. KRYGSMAN, Manager (A)  
Accounting Policies & Systems  
Department

EFA (T1277)  
Previous NMK  
(W/C (M801)

\* CHANGE

\*\* ADDITION

NEW INSTRUCTION ☐

COMPLETE REVISION ☐