

Barry's Accounting Services, Corp.

Trucking owner-operator wants to know the value of the freight that his truck must carry to cover operations cost in the first year of operation.

Here is the information:

<b>Annual Payment - Tractor</b>		<b>\$ 17,954</b>	
<b>Annual Payment - Trailer</b>		<b>\$ 9,850</b>	
<b>Insurance</b>		<b>\$ 6,000</b>	
<b>Preventive Maintenance (1-yr warranty) ***</b>		<b>\$ 3,000</b>	<b>***</b>
<b>Front tires (2 x \$400) + Rear (16 x \$250) ***</b>		<b>\$ 4,800</b>	<b>***</b>
<b>Tolls, wash, registration, etc.</b>		<b>\$ 3,500</b>	
<b>Meals etc. (truck stop) \$52 x 270 days)</b>		<b>\$ 14,040</b>	
<b>Subtotal</b>		<b>\$ 59,144</b>	
<b>Diesel [(\$59,144/\$0.95 load ml.)/5.8ml] x \$2.92</b>		<b>\$ 31,343</b>	<b>***</b>
<b>Total Fixed &amp; Variable Cost - 85% of load</b>		<b>\$ 90,487</b>	
<b>Min. Value of Freight is (\$90,487/85%)</b>		<b>\$ 106,455</b>	
<b>Freight Broker fee – min. 15%</b>	<b>\$15,968</b>		
<p><b>***Your overhead cost is \$394.28 per day. In the 1st year, the truck would have to haul \$106,455 worth of freight, travel 79,065 ml. and burning 13,632 gals of diesel. It would have to be taken off the road at least 6-times for mandatory inspection. After the first year, you will have to modify your operation budget to accommodate increase costs for preventive maintenance (warranty expires), new tires and fuel. Please remember to include fuel surcharge whenever you negotiate a load with your Freight Broker.</b></p>			