

Products and Parcels

By far, the most important part of a sufficient setup of a record keeping is the so-called **Parcel administration**.

Customs is all about Products. Please let that sink in.

Yes, Products are transported with a means of Transportation or are stored and blended in tanks. But without Product, no need for MoT's to transport Product or Tanks to store and blend. So the starting point should always be the Product.

No Product, no business!

A **Product** is defined as a **physical substance or article**. Something you can physically identify, point at or pick up. The Product is the thing that Operations deal with to Move or to apply a Service to, such as homogenizing.

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In the case of piece goods, you can easily keep them apart. For example, when you receive a car component, such as a steering wheel, you can have a 'top shelf' where you store steering wheels brought in from outside the EU (referred to as having a **non-Union customs status** (commonly referred to as Bonded or T1) and a 'bottom shelf' where you store steering wheels coming from the free circulation of the EU (referred to as having a **Union customs status**) (commonly referred to as T2). The same thing applies to the origin of the Products. One steering wheel coming from the US, the other coming from Germany. You could add labels to the steering wheels. A Product is registered by **Trade name** and **Commodity code**.

With bulk products this is not possible. That means it should be recorded in the record keeping and the data is tracked by **accounting segregation**.

A **Parcel** is the **registration of a Product with certain administrative characteristics**. For example, a Parcel has a:

1. Customs Status (non-Union (T1 Bonded) or Union (T2));
2. Origin;

3. value;
4. Etc...

Let's say we receive gasoil originating from the US, which is discharged into a Tank containing gasoil originating from the EU. After discharge, the Tank contains Gas oil (Product). The Tank contains two Parcels, namely an x quantity of Gas oil originating from the US and an x quantity of Gas oil originating from the EU. Physically segregating these Parcels is practically undoable, therefore the registration of a Parcel allows for the application of accounting segregation and tracking of the Products as received. For compliance purposes it is critical to provide for an **audit trail**, which requires a sufficient **Parcel administration**.

A **Parcel** is the **registration of a Product with certain administrative characteristics**

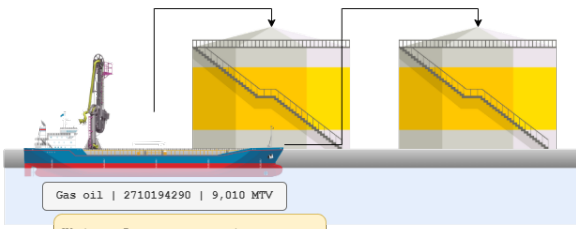
A parcel is identified by a unique reference where at least a part of that reference is static, meaning that when administrative changes are done to an existing Parcel, the Parcel can always be identified. When a parcel is registered, new activities can take place in relation to that Parcel or part of that Parcel. To preserve an audit trail, it is important to maintain a relation between Parcels, by a so-called Parent-Child relation. This is typically done by means of three Parcel elements in terms of reference:

1. The **Ultimate Parent**. This is the Parcel reference created the first time a Product is registered by means of a Parcel. This means a first time registration of a Parcel results in a Parcel without having an (ultimate) parent registration;
2. The **Parent**. This is the reference to the Parcel where the current Parcel (Child) directly comes from. This means a first time registration of a Parcel results in a Parcel without having a parent registration;
3. The **Child**. This is the Parcel reference, where dependent on if there is a Parent reference, it is considered the Child reference.

In case of the registration of a Blended Product, the Parcel will have multiple Parent references showing the relation to the Components.

The words Parcel and Lots are sometimes used interchangeably, but could refer to the same principle. Or sometimes a Lot is referred to as a part of a Parcel. Any form of Stock Keeping Unit and name can be used, as long as it serves the principles.

Before Discharge

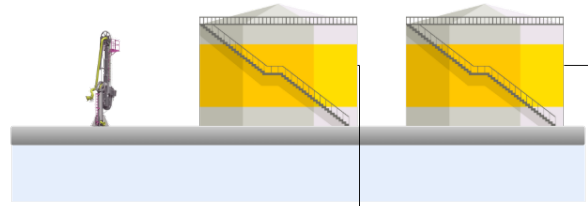


Gas oil | 2710194290 | 9,010 MTV

Ultimate Parent: n/a
 Parent: n/a
 Reference: #1

Attributes
 Commodity code: 2710194290
 Quantities:
 KGV 9,010,000
 KGA 10,060,000
 L15
 L20
 Customs status: T1 Bonded
 Origin: UK
 Value: USD 800 p/MT

After Discharge



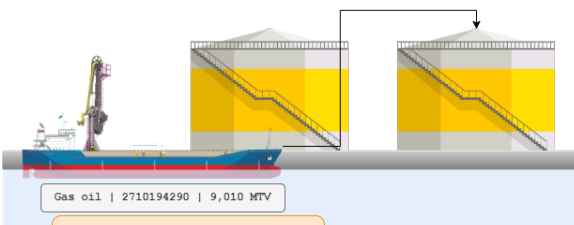
Ultimate Parent: #1
 Parent: #1
 Reference: #2

Attributes
 Commodity code: 2710194290
 Quantities:
 KGV 4,000,000
 KGA 4,705,882
 L15
 L20
 Customs status: T1 Bonded
 Origin: UK
 Value: USD 800 p/MT

Ultimate Parent: #1
 Parent: #1
 Reference: #3

Attributes
 Commodity code: 2710194290
 Quantities:
 KGV 5,000,000
 KGA 5,882,353
 L15
 L20
 Customs status: T1 Bonded
 Origin: UK
 Value: USD 800 p/MT

Before second Discharge

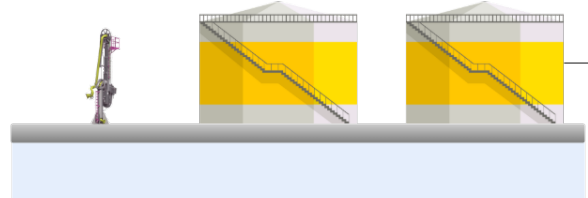


Gas oil | 2710194290 | 9,010 MTV

Ultimate Parent: n/a
 Parent: n/a
 Reference: #4

Attributes
 Commodity code: 2710194490
 Quantities:
 KGV 2,999,000
 KGA 3,528,235
 L15
 L20
 Customs status: T1 Bonded
 Origin: EU
 Value: USD 750 p/MT

After second Discharge



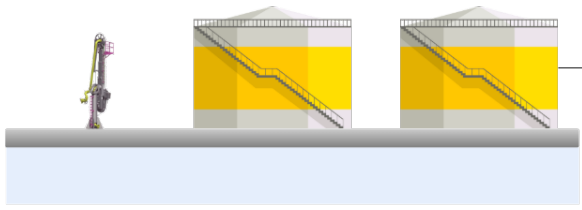
Ultimate Parent: #4
 Parent: #4
 Reference: #5

Attributes
 Commodity code: 2710194490
 Quantities:
 KGV 3,000,000
 KGA 3,529,412
 L15
 L20
 Customs status: T1 Bonded
 Origin: UK
 Value: USD 750 p/MT

Ultimate Parent: #1
 Parent: #1
 Reference: #3

Attributes
 Commodity code: 2710194290
 Quantities:
 KGV 5,000,000
 KGA 5,882,353
 L15
 L20
 Customs status: T1 Bonded
 Origin: UK
 Value: USD 800 p/MT

After registration Blend



Ultimate Parent: #4
 Parent: #4
 Reference: #5

Attributes
 Commodity code: 2710194490
 Quantities:
 KGV 3,000,000
 KGA 3,529,412
 L15
 L20
 Customs status: T1 Bonded
 Origin: UK
 Value: USD 750 p/MT

Ultimate Parent: #1
 Parent: #1
 Reference: #3

Attributes
 Commodity code: 2710194290
 Quantities:
 KGV 5,000,000
 KGA 5,882,353
 L15
 L20
 Customs status: T1 Bonded
 Origin: UK
 Value: USD 800 p/MT

Ultimate Parent: n/a
 Parent: #3, #5
 Reference: #6

Attributes
 Commodity code: 2710194490
 Quantities:
 KGV 8,000,000
 KGA 9,411,765
 L15
 L20
 Customs status: T1 Bonded
 Origin: UK
 Value: USD 781.25 p/MT

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