

Freight Bills- A Shipper's Guide to Better Financial Planning



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Introduction

In an effective shipping management system, detailed documentation plays a vital role at every step of the way. Lack of proper documentation often leads to confusion and chaos at the checkpoints and unnecessarily prolongs or halts the shipment. By careful documentation of the cargo, you can eliminate any potential misunderstandings, miscommunication as well as disputes that may arise between the parties engaged in the trade.

One of the most potent documents in your shipping management arsenal is the **Freight Bill**. Often confused with the Bill of Lading, Freight Bill is a slightly different document, which actually complements the Bill of Lading and makes for hassle-free cargo transportation.



What is a Freight Bill?

A Freight bill, also known as a Freight invoice, is a document that consists of all the specific, quantifiable data about the shipment like the number of units as well as the cost per unit, etc. It is not legally binding and hence isn't used as a piece of 'evidence' in case of any dispute.

However, when paired with the Bill of Lading, Freight Bills often help in making sure no such disputes arise in the first place. A freight bill is used to expand on the contents of the bill of lading, i.e., it consists of detailed information about the shipment while the bill of lading just gives an overview. Freight bills also may include additional information such as ancillary charges to be paid.

How is a Freight Bill different from a Bill of Lading? (BOL)

What mainly distinguishes the Freight Bill from the Bill of Lading is that the Freight Bills have the details about the individual as well as the consolidated cost of the shipment. Bill of Lading does not feature the costs, only the quantity of the product.

Another difference between both the documents is that while the Bill of Lading only consists of the basic information about the cargo, freight invoices contain additional information such as the method of payment, ancillary costs, etc.

While the bill of lading is a legal document that can be used as evidence in case of a dispute, freight invoices are not legal documents and are generally used for accounting purposes as well as to gauge the costs involved in the shipping process.

This is why it's vital to obtain the freight invoices from the carrier and match them with the Bills of Lading. Not doing so could lead to a dispute regarding the costs and seriously damage the goodwill between the parties indulged in the trade.

What details do the Freight Bills carry?

- A Bill of Lading Number: A Bill of Lading number is a unique reference number provided by the shipping company to each BOL. By matching the Bills of Lading to the corresponding Freight invoices, all the details about the cargo can easily be sought.
- Freight Mode: The freight bill also lists out the type of freight mode that is used to transport the cargo. Some of the commonly used types are Less than truckload (LTL), Truckload, Small Package, etc.
- The Shipper and Consignee information: The freight bill also includes the details about the shipping company that issues the bill, as well as the consignee to whom the bill has been issued. The details include the names, addresses, key registration numbers, as well as contact information.
- The weight and quantity details of the shipment: Freight Bills often contain information about the dimensions of the product as well as its weight as well as the total quantity.
- Cost of the shipment: Freight bills carry both- the individual cost of the units as well as the consolidated costs of all the units.
- Terms and Conditions: The freight bill includes other terms and conditions under which the trade is to be made, like the mode of payment, ancillary charges incurred, etc.
- Route Details: The freight bill carries information about the routes that are to be used to transport the shipment as well as details of all the carriers that are involved in the shipping process.

Why do I need Freight Bills?

Here are some of the ways in which you can integrate the usage of your freight bills as a part of your shipping management ecosystem:

Financial Documentation



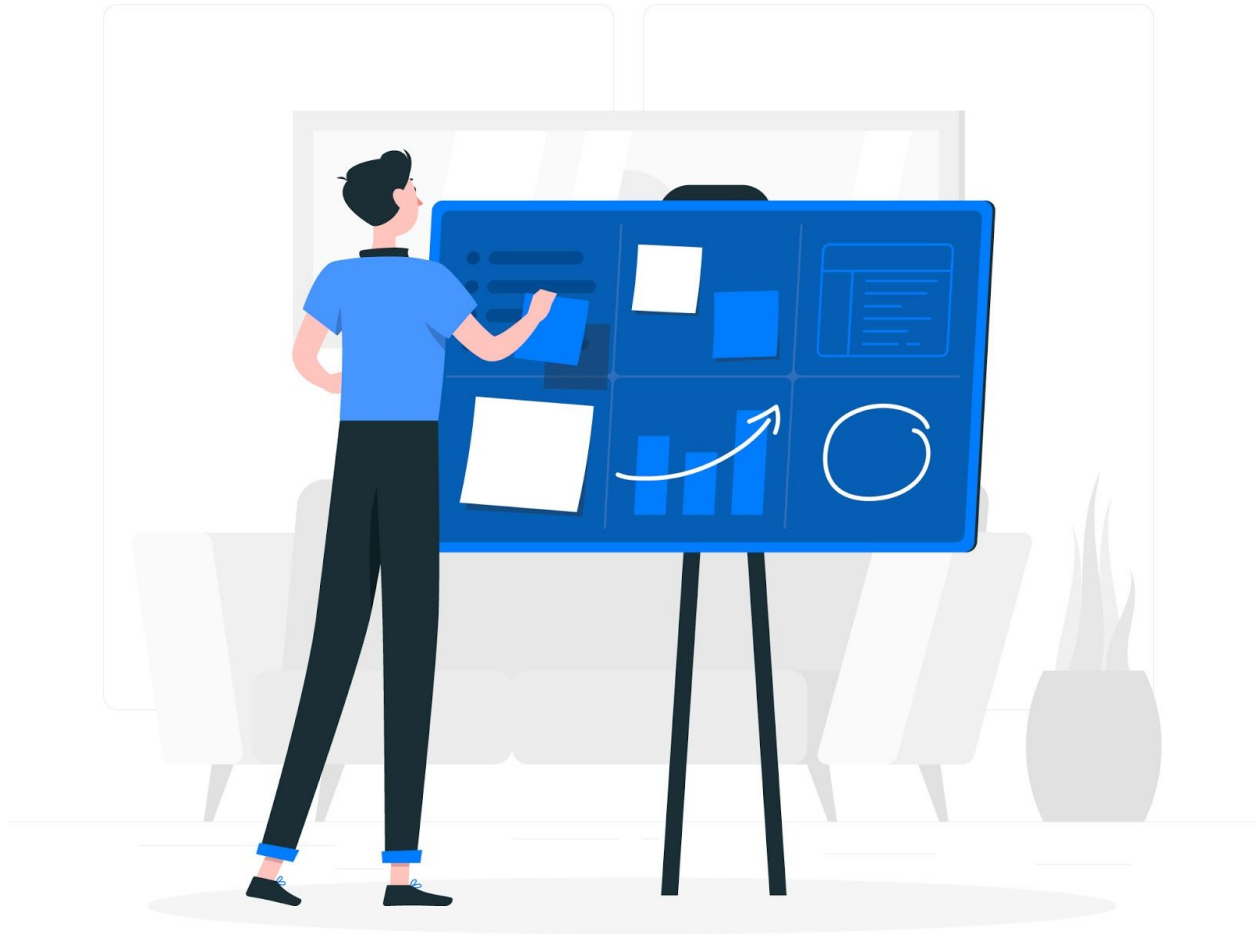
Freight bills are often scrutinized by the accounting teams to get an idea of the costs incurred during any shipping trade. This is because the bills carry detailed information about all the charges levied by the shipping company.

Accurate number crunching



Freight bills cover all the costs that you bear for that particular shipment in detail. Based on the data that you obtain from your freight bills, you can easily determine what the factors that affect your overall shipping cost are. Whether it is the exorbitant carrier charges or the increase in the duty by the destination country, you get a bird's eye view of every single penny spent.

Effective planning of the resources



By scrutinizing the invoices, as a supplier, you get an in-depth insight into what your money is being poured in and how much. By using this information, you can plan your upcoming business endeavors meticulously and lower the risks of being hit by unanticipated costs that may spring up out of the blue.

Conclusion

As a supplier engaged in international shipping, you're always striving to achieve just the right balance between great customer service and better cost-effectiveness. Keeping an eye on your expenses and cutting corners wherever possible is one of the most effective ways of doing that. And if there is any single document that can help you the most in increasing the cost efficiency of your business, they are your Freight Bills.