

Indent Ordering

Indent orders require Customer Quotes to be quoted in A\$ but the overseas Purchase Orders to be created using US\$. The following is a straightforward procedure to handle this.

Lets use a very hypothetical example – Our customer requires 5000caps. The Asian supplier charges US\$0.50 per finished cap each. We have some Freight and Landing costs of A\$800.

Our first line item is the **MAIN LINE ITEM (MLI)** – the caps

Buy and Sell Qty is 5000 Ea.

The Sell Price is the ex GST unit price you are going to sell the caps to the customer for in A\$.

The Buy Price is the unit cost you are paying the Asian supplier in US\$ (US\$0.50)

The 2nd line item and subsequent lines relating to the MLI are the **RELATED LINE ITEMS (RLI)** – the first of these is a line item (perhaps called) FOREX with the supplier being the bank and is **COST ONLY** – the amount in the cost is the difference between the \$US and the A\$. So if the exchange rate is .70 to A\$1, then the cost in A\$ is A\$0.715 (US\$0.50c/0.70). Therefore the unit cost difference is \$0.215 (\$.0715-\$0.50)

The 3rd line item will be **LANDING** and will be cost only – covering international freight and landing costs and is in \$A.

In the case where 1 supplier in Asia supplies the cap and another supplier in Asia supplies the decoration, the decoration would be the 2nd line item and the FOREX would be the 3rd line item and would be the difference between the total US\$ unit cost (cap plus decoration) converted to A\$ as a unit cost.