

Landed Costs

Landed costs are the additional costs incurred in getting goods you purchase from your supplier to your premises. The total cost of a landed shipment includes the purchase price of the goods, freight costs, insurance, warehousing and other costs. In some instances, it may include customs duties and other taxes that may be levied on a shipment.

Knowledge of the purchase price and the landed costs is critical in understanding the true value of your stock. You need to know the total cost to set the selling price in order to determine your profit margin.



Landed Cost Types

Within Opera 3 Stock Control it is possible to define Landed Cost Types which can then be assigned to stock records that are subject to landed costs. These Landed Cost Types allow you to define the additional costs that may be incurred when buying items from your suppliers.

There are three methods that can be used to estimate the landed costs:

- **Fixed Value per Unit Item:** a fixed value which will be multiplied by the quantity of the item being received to give the total landed costs.
- **% of Line Cost Value:** a percentage value which will apply that percentage of the cost price of an item to calculate the landed cost value.
- **Aggregated Cost (%):** some landed costs such as import duty and anti-dumping duty are charged in addition to normal customs duty. They are calculated as a percentage of both the cost of the item plus the sum of some other landed costs. The Aggregated Cost method calculates the landed cost in these cases.

If you create a Landed Cost Type you don't have to enter a default Value or Percentage; these fields can be left empty. The values can therefore be entered for these Landed Cost Types when stock is received.

When creating a Landed Cost Type it is also possible to assign a Nominal Account Code. The Nominal Ledger will be updated with these landed costs when transactions are posted against stock items which have landed costs assigned to them.

Stock Records

Within Opera 3 Stock Control, if an item is subject to landed costs then it is possible to assign up to four Landed Cost Types to that stock record. The sum of these Landed Cost Types will be the additional costs incurred when buying this item from a supplier.

For stock records, the Average or Standard Landed Cost prices are displayed together with the Last Landed Cost Price. This information is also displayed on each warehouse, if warehouse pricing is in use. The Last Landed Cost Price is maintained by the system and updated when stock receipts are posted.

The screenshot shows a dialog box titled "Landed Cost Types : LEVY - Standard Levy". It has three tabs: "General", "Memo", and "List". The "General" tab is active. Fields include: Code: LEVY, Description: Standard Levy, Group: LEVY, Calculation Method: Fixed Value per Unit Item (selected), Value: 2.75, and Nominal Account: LC In: M320.

Purchase Receipts

When a Purchase Receipt is entered the system displays the estimated landed costs. Both the unit cost and the estimated landed cost are used to calculate the total cost of that receipt. The value of the landed cost can be altered by overriding the values on each of the Landed Cost Types assigned to that stock record.

The screenshot shows the "Stock Processing - ZAC008 - Sony Stereo WX-C00R" window. It includes fields for Description, Sales Code, Supply Code, Category, Profile, Sell Price, Std. Cost, and Last Cost. A "Landed Costs" sub-window is open, showing a table with columns: Type, Calc. Method, Value, Apply Type, and Inc. App. Cost. The table lists three cost types: 2001 (% of Line Cost Value), 2002 (Fixed Value per Unit Item), and 2003 (Aggregated Cost (%)).

Reporting

A new Landed Costs report is available that displays the landed costs recorded when stock receipts were posted into the system. A Landed Costs Settings report displays information about stock items that have Landed Cost Types assigned to them.

The Stock Valuation report, Issues report and Record Sheet report now all display landed costs information, as do the Stock Views and Monitor Companies.

Benefits

- A far more accurate way to value your stock.
- Landed costs postings to the Nominal Ledger ensure more accurate Profit & Loss and Balance Sheet reporting.
- Landed costs are also included in various stock-related processes such as the Stock Valuation Report, for an accurate picture of the value of your stock and your profit margin.
- Maximise profits: set an accurate selling price for goods with the full understanding of the charges associated with bringing an item into your business.

