

**IDS Terms and Conditions Guide**  
**Section H**

**Clause Number: H119M**  
**Effective 06/09/2005**  
**Page: 1 of 1**

**ACCOUNTING – U.S. CUSTOMS DUTY**

Accounting principles used in construction of transaction value statement are as follows:

1. Material costs are reported using the moving average cost method of inventory valuation.
2. Tooling costs are based upon specification of tooling capability to support projected production derived from current market estimates. Charging rate is equal to total cost incurred as reported on tooling completion reports divided by the estimated number of parts which will be fabricated using this tooling.
3. Transportation costs are reported as the standard cost per piece of transporting material from Buyer stores and suppliers to the foreign destination. Standard costs are adjusted to actual costs as data becomes available.
4. Material on this Purchase Contract may include interchangeable lots which will not be assigned control numbers or be segregated in Buyer stores. Quantity reported in Clause H122M represents that lot portion attributed to dutiable contracts.