**KEYWORDS**

**Letter of Enquiry**-This is a letter from the buyer to the seller enquiring

about products the seller sells, the price of them and it they have them in

stock. it may be by a letter, email or phone.

**Quotation** -This is sent by the seller to the buyer after receiving letter

of enquiry. It will show the price of the product enquired about and the

terms of the sale

**Terms of sale** -These are the condition attached to the sales for

example – who pays for delivery (Carriage in and carriage out), is there a

discount available for early payment,

**Delivery-**Sometimes a quotation will say Carriage paid – This means the

seller will pay for delivering the goods – courier costs

**E&OE -** This means errors and omissions excepted. This means that if

any errors are made that the seller can fixed it - price

**Price held -** This means the price quoted may only be available for a

specific time. Tries to get the buyer to order quickly

**Trade discount -** This is a reduction in the price paid for the goods. It is

usually taken way from the total price

**Cash Discount -** This is an extra discount to the buyer if they **p**ay before

the invoice date. It helps the seller to receive cash quickly and

buyer to paid fast

**VAT -** This is Value Added Tax and is charged on goods and service. It is

usually 23%

**CWO -** This means Cash with Order – It means that the goods must be

paid for when they are ordered

**COD -**This means Cash on Delivery – It means that the goods must be

paid for when they are delivered

**Payment terms -** These are terms given in relation to the credit and

payment terms

**Order** - This is a document sent by the buyer to the seller requesting a

certain product and the quantity of that product. Order may also be make

by phone or e-mail

**Delivery Note** - This is sent by the seller to the buyer. It is a document

that list the items being delivered.

**Invoice** - This is sent by the seller to the buyer. It is usually sent a few

days after the goods have been delivered, It gives details of the quantity

sent, the product that was sent, the price of each item terms of sale.

**Credit Note** - This is sent by the seller to the buyer. It reduces

the amount the buyer owes. This happens when the buyer returns goods –

because they are the wrong product, they wrong price was charged or are

damaged

**Debit Note** - This is sent by the seller to the buyer. It increases the

amount the buyer owes. This happens when there is an under charged on

the account.

**Statement of Account** -This is sent by the seller to the buyer. It is a

Summary of the transaction that have taken place between the buyer and

seller. It shows how much the buyer owes to the seller and can be used to

remind the buyer to pay

**Receipt -** This is a written document sent by the Seller to the Buyer. It

states that the goods have been paid for and it’s a record that the seller

has received payment

**SELF TEST QUESTIONS**

1. Explain the Importance of Record keeping in a business

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2. Identify and complete business documents used by a business when buying and selling goods

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3. Analyse the information in a business document

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4. Define the different terms associated with business documents

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5. Outline the procedures for dealing with incoming and outgoing business documents

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**BUSSINESS DOCUMENTS**

|  |  |  |
| --- | --- | --- |
| **Buyer** |  | **Seller** |
| Letter of Enquiry |  |  |
|  |  | Quotation |
| Order |  |  |
|  |  | Delivery Note |
|  |  | Invoice |
|  |  | Credit Note |
|  |  | Debit Note |
|  |  | Statement on Account |
| Payment |  |  |
|  |  | Receipts |

1. **LETTER OF ENQUIRY**

Graphical user interface, application, Word

Description automatically generated

**How to deal with a letter of enquiry**

|  |  |
| --- | --- |
| **Buyer** | **Seller** |
| 1. Check the address is correct | 1. The stock available |
| 1. Quantities are correct | 1. Prepare a quotation |
| 1. Then file it away for future reference | 1. file it away for future reference. |

1. **QUOTATION**

Graphical user interface, text, application

Description automatically generated

1. **QUOTATION**

**How to deal with a Quotation**

|  |  |
| --- | --- |
| **Buyer** | **Seller** |
| 1. Check against the letter of enquiry | 1. Check the Address is correct |
| 1. Check the price to other quotes | 1. Check the Items and Prices are correct |
| 1. Then file it away for future reference | 1. file it away for future reference. |

**Important Terms**

|  |  |  |
| --- | --- | --- |
| Delivery | E & EO | Price Held |
| Trade Discount | Cash Discount | VAT |
| CWO | COD | Payment terms |

1. **DELIVERY NOTE**

Graphical user interface, text

Description automatically generated

**How to deal with a Delivery Note**

|  |  |
| --- | --- |
| **Buyer** | **Seller** |
| 1. Compare with the order | 1. Check the goods match the order |
| 1. Check the qualities match what is delivered | 1. Check the details (Address) |
| 1. Check the goods are in good condition | 1. Make sure the goods are in good condition |
| 1. Sign and file it away for future reference. | 1. Then file it away for future reference |

1. **INVOICE**

Graphical user interface, text

Description automatically generated

**How to deal with an Invoice**

|  |  |
| --- | --- |
| **Buyer** | **Seller** |
| 1. Check Against Delivery Note | 1. Match the goods with the order |
| 1. Check the prices match the quotation | 1. Check the Price match the quotation |
| 1. Check the calculations | 1. Check the discounts and terms of sale |
| 1. Record in the purchases account | 1. Check Calculations |
| 1. Then file it away for future reference | 1. Then file it away for future reference |

1. **ORDER**

Graphical user interface, text

Description automatically generated

**How to deal with an Order**

|  |  |
| --- | --- |
| **Buyer** | **Seller** |
| 1. Check quantities and products | 1. The goods are in stock |
| 1. Check against Quotation | 1. Check details against quotation |
| 1. Then file it away for future reference | 1. file it away for future reference. |

**STOCK CONTROL**

It is important that a business has the right amount of stock – This is not too much stock (Result is stock going off or not being able to sell the stock) or too little stock (loss of potential sales and customer going somewhere else)

The following are some factors that a business considers to have the right level of stock

1. Storage – Does the business have somewhere to store the goods
2. Costs – Extra storage, insurance and security costs
3. Level of demand – the time of year – Easer and Easter eggs
4. Lead Time – How long does it takes to get the goods form the supplier
5. Type of Stock – will the goods go off quickly
6. **CREDIT NOTE**

Graphical user interface, text

Description automatically generated

1. **CREDIT NOTE**

**How to deal with a Credit Note**

|  |  |
| --- | --- |
| **Buyer** | **Seller** |
| 1. Check the details match the retune goods | 1. Check the details match the retune goods |
| 1. Check the Calculations | 1. Check the Calculations |
| 1. Record the reduction in the debtors account | 1. Record the reduction in the debtors account |
| 1. Then file it away for future reference | 1. Then file it away for future reference |
|  |  |

1. **CREDIT NOTE**

A Credit note is sent for the following reasons

1. It the buyer was charged too much
2. If the wrong goods were delivered
3. It the goods delivery were damaged in transit
4. It the goods need to be returned for a difference reason

1. **PAYMENT**

Sometimes payment can be made with CWO (Cash with Order) or COD (Cash on Delivery). This means that the goods are paid for with cash, cheque or a credit Transfer

Other payment terms my be given as part of the Quotation, Invoice or Statement of Account and should be followed by the buyer

1. **STATEMENT OF ACCOUNT**

Graphical user interface, text

Description automatically generated

**How to deal with a Statement of Account**

|  |  |
| --- | --- |
| **Buyer** | **Seller** |
| 1. Check the opening Balance | 1. Check the opening Balance |
| 1. Check the invoice, Debit notes and credit notes received | 1. Check the Invoice Amounts |
| 1. Check all payments have been recorded | 1. Check the debits and credit notes amounts |
| 1. Check closing balance and calculations | 1. Check payments have been made |
| 1. Pay the amount due on time | 1. Check calculations and closing balance |
| 1. file it away for future reference. | 1. file it away for future reference. |

The Statement of Account work on the following basic and it is known as

the continuous balancing Method

1. The balance shown at the start of the statement is the opening balance and is brought forward (or what is owed) from the previous period/month
2. Any entry in the debit column will increase the amount owed (Invoice, Debit Note). This will increase the (added to) the previous balance figure
3. Any entry in the credit column will decrease the amount owed (Payment, Credit Note). This will decrease the (subtract) the previous balance figure
4. The last balance is the amount the buyer owes to the seller
5. **DEBIT NOTE**

Graphical user interface, text

Description automatically generated

**How to deal with a Debit Note**

|  |  |
| --- | --- |
| **Buyer** | **Seller** |
| 1. Check the calculations | 1. Check the calculations |
| 1. Record the increase in the Creditors account | 1. Record the increase in the debtors account |
| 1. file it away for future reference. | 1. file it away for future reference. |

A Debit note is sent for the following reasons

1. If the buyer has been charged the wrong price – usually underpaid
2. If the buyer received goods but for some reason, we not charged for them on the invoice
3. **RECEIPT**

Graphical user interface, text

Description automatically generated

**How to deal with a Receipt**

|  |  |
| --- | --- |
| **Buyer** | **Seller** |
| 1. Check the figure match the payment | 1. Check the figure match the payment |
| 1. Record the payment in the Creditors account | 1. Record the payment in the debtors account |
| 1. file it away for future reference. | 1. file it away for future reference. |