
2.10

Using Skills for Business

Business Documents

Learning Outcome Notes

LO 2.10 - Complete and interpret key business documents that an organisation uses to manage its transactions for accountability purposes

CHAPTER QUESTIONS

By the end of this learnign outcome you should be able to do the following

1. Outline the importance of keeps records in a business
2. Identify and complete different business documents
3. Analyse the information n business documents
4. Define different Business terms
5. Outline how to deal with incoming and outgoing business documents
6. Be able to complete an extract form each of the business documents

BUSIENSS DOCUMENTS

Documents are important in business because they provide a record of what was agreed.

	Buyer		Seller
1	Letter of enquiry	Sent by buyer to seller 	
2		Sent by seller to buyer 	Quotation
3	Order	Sent by buyer to seller 	
4		Sent by seller to buyer 	Invoice
5		Sent by seller to buyer 	Delivery Docket
6		Sent by seller to buyer 	Credit Note
7		Sent by seller to buyer 	Debit Note
8		Sent by seller to buyer 	Statement
9	Payment	Sent by buyer to seller 	
10		Sent by seller to buyer 	Receipt

LETTER OF ENQUIRY

Letter of Enquiry ^{Def} This is a letter from the buyer to the seller enquiring about product the product the seller sells, the price of them and if they have them in stock. The enquiry may be by a letter, email or phone.

Buyer will contact more than one supplier. When they have received the details, they will then make a decision on where to buy from based on the price and if it is in stock.

[Your Business Name]

[Your Business Address]

[City]

[Date]

[Supplier Name]

[Supplier Address]

[City,]

Dear Sir / Madam,

Subject: Enquiry Regarding [Product/Service]

I hope this letter finds you well. I am writing on behalf of [Your Business Name], located in [City]. We are interested in exploring the possibility of establishing a business relationship with your company.

We would appreciate it if you could provide us with the following information regarding your products/services: Product/Service Details, Pricing and Discounts, Minimum Order Quantities, Delivery and Shipping, Payment Terms and Samples

Thank you for your attention to this enquiry. We look forward to receiving the requested information at your earliest convenience.

Yours sincerely,

[Your Name]

[Your Position]

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

The following should be done before you send a letter of enquiry- Check that the address is correct, that the quantities you are looking for are correct and then file it away for future reference

The seller

The following should be done when they receive a letter of enquiry - Check that they have the stock available - if they do prepare a quotation to be send to the buyer and then file it away for future reference.

QUOTATION
Quotation

^{Def} This is a document that is sent by the seller to the buyer after receiving letter of enquiry. The quotation will show the price of the product enquired about and the terms of the sale

Term of Sales

When a business is buying goods from a seller there are some terms attached to the agreement. These include the following

Terms of sale

^{Def} 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, when does the invoice have to be paid by

Delivery

^{Def} Sometime a quotation will say Carriage paid - This means that the seller will pay for delivering the goods - courier costs or postage

E&OE

^{Def} This means errors and omissions excepted. This means that that if an error has been made that the seller can fixed it - for example given the wrong price

Price held

^{Def} This means the prices that are quoted may only be available for a specific time. This tries to get the buyer to order quickly

Trade discount

^{Def} This is a reduction in the price paid for the goods. It is usually taken away from the total price

Cash Discount	Def This is an extra discount given to the buyer if they pay for the goods before the invoice date. This helps the seller to receive cash quickly and buyer to pay fast
VAT	Def This is Value Added Tax and is charged on goods and service. It is usually 23%
CWO	Def This means Cash with Order - It means that the goods must be paid for when they are ordered
COD	Def This means Cash on Delivery - It means that the goods must be paid for when they are delivered
Payment terms	Def These are terms given in relation to the credit and payment terms

[Your Business Name]

[Your Business Address]

[City]

[Date]

[Supplier Name]

[Supplier Address]

[City,]

Dear Sir / Madam,

Quotation No [Number]

We are thrilled to have the opportunity to present you with a comprehensive quotation tailored specifically to meet the needs of your business. At [Your Company Name], we specialize in providing high-quality [Product/Service] solutions designed to optimize your operations and drive growth

Item	Quantity	Unit Price
Item 1	Quantity 1	€
Item 2	Quantity 2	€
Item 3	Quantity 3	€

Please note that the above quotation is valid for a period of [Validity Period, e.g., 30 days] from the date of this letter.

Thank you for your time, and we eagerly await your favourable response.

Yours sincerely,

[Your Name]

[Your Title/Position]

How to deal with a Quotation

The seller

The following should be done before a quotation is sent - Check that the address is correct (see Letter of Enquiry), check the items and prices are correct, File a copy for future reference

The Buyer

The following should be done when they receive a quotation - Check the quotation against the letter of enquiry, Check the prices and compare to other quotations and File for future reference

ORDER

Order ^{Def} 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

Lay out

Buyer's name, address and contact details at the top of the page

Date on the left-hand side

Sellers address on the left-hand side

Dear (the person's name from the letter of enquiry)

Paragraph 1 - Introduction Quote the Quotation Number

Paragraph 2 - a list of the items requested, Quality, model number and the selling price for each

Sign off - Your sincerely

Person name and position

It should also have an Order Number

How to deal with an Order

Seller

The following should be done before an Order is sent - Check all goods are in stock. Check the details and terms against the quotation, file for further reference

Buyer

The following should be done when they receive an Order- Check quantities and product details, Check against quotation and file for further reference

Stock control

It is important that a business has the right amount of stock - This is not have 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 should take into consider to have the right level of stock

Storage	Does the business have somewhere to store the goods
Costs	Extra storage, insurance and security costs
Level of demand	the time of year - Easer and Easter eggs
Lead Time	How long does it takes to get the goods form the supplier
Type of Stock	will the goods go off quickly

DELIVERY NOTE

Delivery Note ^{Def} This is sent by the seller to the buyer. It is a document that list the items being delivered.

Lay out

Seller's name, address and contact details at the top of the page

Date on the left-hand side

Buyers address on the left-hand side

Dear (the person name from the letter of enquiry)

Paragraph 1 - a list of the items requested, Quality, model number and the selling price for each

Paragraph 3 - Comment that the goods were received in good condition or it some were damaged

Sign off - Your sincerely

Person name and position

It should also have an Order Number

How to deal with an Order

Seller

The following should be done a delivery note is sent - Check the goods been sent match the order, Check the details including the delivery address, make sure the goods are in a good condition before sending and file for future reference

Buyer

The following should be done when they receive a delivery docket - Compare with the order to make sure the goods a correct, Check the quantities delivery match what has been delivered, Check the goods are in good conditions, sign the delivery docket and file for future reference.

INVOICE

Invoice

^{Def} 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.

Lay out

Seller's name, address and contact details at the top of the page

Date on the left-hand side

Buyers address on the left-hand side

Dear (the person's name from the letter of enquiry)

Paragraph 1 - The order number

Paragraph 2 - a list of the items requested, Quality, model number and the selling price for each.

The total amount paid for each item, any discount, the VAT paid and the total amount to be paid

How to deal with an Invoice

Seller

The following should be done before an Invoice is sent - Check the goods been sent match the order, Check the price match the quotation, Check the details including the delivery address, check to see if there are any discounts to be include Check Calculations and file for future reference

Buyer

The following should be done when they receive a delivery docket - Compare with the delivery note to make sure the goods a correct, Check the prices match the quotation, and file for future reference.

CREDIT NOTE

Credit Note

^{Def} 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

A Credit note is sent for the following reasons

1. When 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

Lay out

Seller's name, address and contact details at the top of the page

Date on the left-hand side

Buyers address on the left-hand side

Ref - Invoice Number

A Table with the Quantity being returned, Description, Model number, Unit Price and total -

Include trade discount and VAT

How to deal with a Credit Note**Seller**

The following should be done before a Credit Note is sent - Check the details match the returned goods, Check the calculation, Record the reduction in the debtors accounts and file for future reference

Buyer

The following should be done when they receive a Credit Note - Check the details match the returned goods, Check the calculation, Record the reduction in the Creditors accounts and file for future reference

DEBIT NOTE**Debit Note**

^{Def} 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.

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

Lay out

Sellers name, address and contact details at the top of the page

Date on the left-hand side

Buyers address on the left-hand side

Ref - Invoice Number

A Table with the Quantity being returned, Description, Model number, Unit Price and total -

Include trade discount and VAT

How to deal with a Debit Note**Seller**

The following should be done before a Debit Note is sent -Check the calculation, Record the increase in the debtor's accounts and file for future reference

Buyer

The following should be done when they receive a Debit Note -Check the calculation, Record the increase in the Creditors accounts and file for future reference

STATEMENT OF ACCOUNT
Statement of Account

^{Def} 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

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

How to deal with a Statement of AccountSeller

The following should be done before a Statement of Account is sent - Check the opening balance, Check the invoice amounts, Check the debit and credit notes amount, Check payments have been made, Check calculation and closing balances, File a copy for reference

Buyer

The following should be done when they receive a Statement of Account - Check the opening balance, Check the invoice/credit notes and debit notes received, check all payments have been recorded, Check calculation and closing balances, Pay the amount due, File a copy for reference

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 may be given as part of the Quotation, Invoice or Statement of Account and should be followed by the buyer

RECEIPT

Receipt ^{Def} This is a written document sent by the Seller to the Buyer. It state that the goods have been paid for and it's a record that the seller has received payment

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

The following should be done before Receipt is sent- Check the figure matches the payment, Record the payment in the debtors account, File a copy for reference

Buyer

The following should be done they receive a Receipt - Check the figure matches the payment, Record the payment in the creditors account, File a copy for reference

2.10

Using Skills for Business

Business Documents

Past Exam Questions and Answers

NOTE - Very Important

It is very important when answering exams question that you use the following steps -

1. That you know the information for the learning outcome
2. That you understand the information form the learning outcome
3. That you can apply the information form the learning outcome to the question
4. Be able to give at least two full sentences for your answer (Fill up the space)

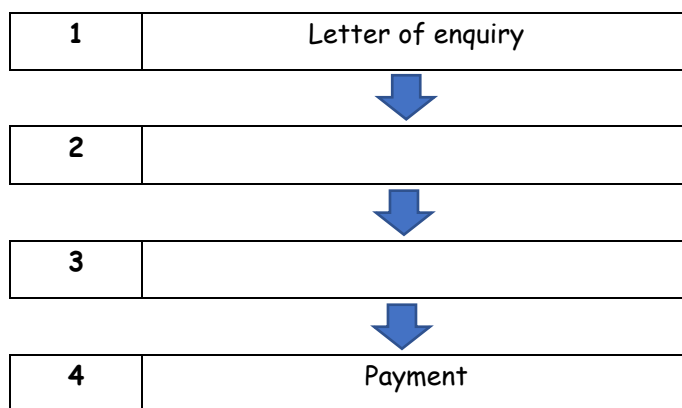
Questions are changing from rote learning to applying the knowledge to the question

Dr		Bank / Cash a/c		Cr	
Date	Details	Total (€)	Date	Details	Total (€)

2022 - Question 12

Place the following business documents in the correct order (Two are completed for you)

Order, Payment, Letter of Enquiry, Invoice



2019 - Paper - Question 5

Using the information given on the invoice extract below, complete the three blank spaces

	€
Total (excluding VAT)	25,000
Trade Discount (12%)	
Subtotal	
VAT (23%)	
Total (Including VAT)	

2019 - Sample Paper - Question 4

Using the information given on the invoice extract below, complete the three blank spaces

	€
Total (excluding VAT)	27,000
Trade Discount (10%)	2,700
Subtotal	
VAT (23%)	
Total (Including VAT)	

There are extra business documents question on study clix that were as before the change from junior cert to junior cycle

SUGGESTED SOLUTIONS

2022 - Question 3

Using the information given on the invoice extract below, complete the three blank spaces

	€
Total (excluding VAT)	30,000
Trade Discount (10%)	3,000
Subtotal	27,000
VAT (23%)	6,210
Total (Including VAT)	33,210

2022 - Question 6

Balance the following bank account and bring down the balance at the end of the month

Dr Bank Account Cr					
Date	Details	Total	Date	Details	Total
2021		€	2021		€
Oct 1	Balance b/d	550	Oct 10	Wages	300
12	Cash Sales	340	20	Cash Purchases	200
			Oct 31	Balance c/d	390
		890			890
Nov 01	Balance b/d	390			

2022 - Question 9

On 31 March 2022, Marian Nowak, owner of Party Cosmetics Ltd, lodged cash sales of €5,250

There was no VAT on these sales. Post these transactions to the relevant ledger accounts below

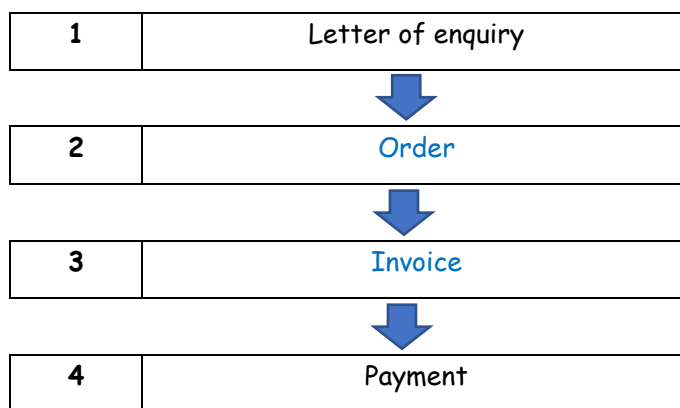
Dr Sales a/c Cr					
Date	Details	Total (€)	Date	Details	Total (€)
			31/03/2022	Bank	5,250

Dr		Bank / Cash a/c		Cr	
Date	Details	Total (€)	Date	Details	Total (€)
31/03/2022	Sales	5,250			

2022 - Question 12

Place the following business documents in the correct order (Two are completed for you)

Order, Payment, Letter of Enquiry, Invoice

**2019 - Paper - Question 5**

Using the information given on the invoice extract below, complete the three blank spaces

	€
Total (excluding VAT)	25,000
Trade Discount (12%)	3,000
Subtotal	22,000
VAT (23%)	5,060
Total (Including VAT)	27,060

2019 - Sample Paper - Question 4

Using the information given on the invoice extract below, complete the three blank spaces

	€
Total (excluding VAT)	27,000
Trade Discount (10%)	2,700
Subtotal	24,300
VAT (23%)	5,589
Total (Including VAT)	29,889