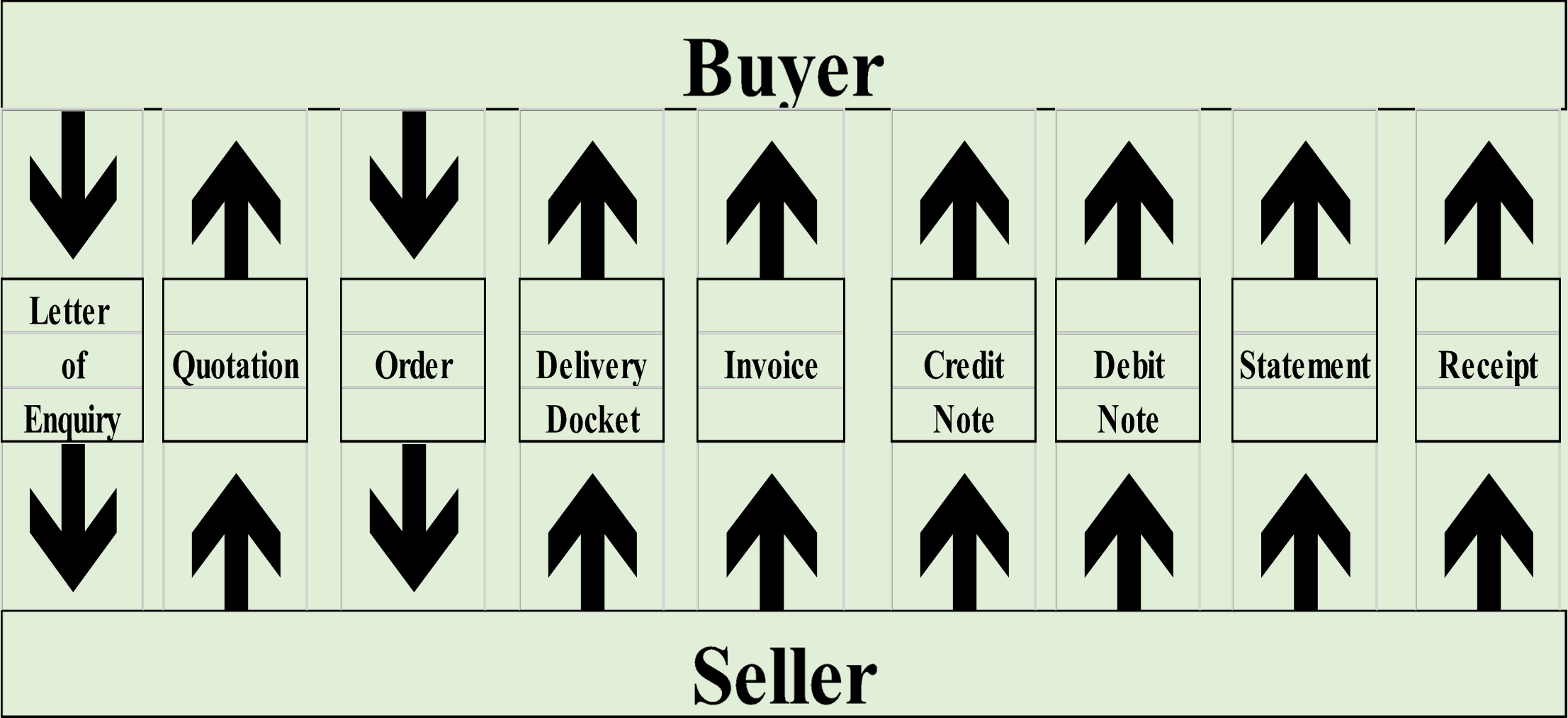




# Business Documents



# Letter of Enquiry

- Are the goods available when we need them?
- What discounts are being offered?
- How long it will take to deliver the goods and is there a delivery charge?
- How should the goods be paid for?
  - **Cash on delivery (COD):** Payment must be made when you receive the goods.
  - **Cash with order (CWO):** Payment must be made when the goods are being ordered.
  - **On credit:** The goods must be paid for within an agreed time period.

# Letter of Enquiry

Blarney College  
Blarney, Co. Cork  
Telephone: (021) 985362  
Email: [info@blarneycollege.ie](mailto:info@blarneycollege.ie)  
Website: [www.blarneycollege.ie](http://www.blarneycollege.ie)

To: IT for Education Ltd  
Unit 16, The Dockside Business Park  
Wexford Town  
1 October 2020

Dear Sir/Madam,

I would be grateful if you could let me have a quotation for the following goods:

- 24 HP 173XC Tablets, Ref HPT173
- 2 Epson Interactive Projectors, Ref EPIP224
- 1 Charging Trolley, Ref CT278

Please also let me know the terms of sale and expected delivery time.

Thank you for your time. I look forward to a reply at your earliest convenience.

Yours sincerely,

Ronnie O'Gorman  
**Ronnie O'Gorman,**  
**Principal**

# Quotation

A **quotation** is a written document showing the prices available from a supplier for goods or services.

After receiving an enquiry, an efficient firm will:

- Send out the quotation as quickly as possible
- Send an up-to-date copy of the firm's catalogue or brochure
- Arrange for one of the firm's sales representatives to contact the potential buyer to follow up on the enquiry and hopefully secure a sale before it is lost to a competitor



# Quotation

## QUOTATION

IT for Education Ltd  
Unit 16, The Dockside Business Park  
Wexford Town  
Telephone: (053) 126547  
Email: info@IT4E.com  
Website: www.IT4E.com

To: Mr Ronnie O'Gorman  
Principal  
Blarney College  
Blarney  
Co. Cork

**No.** 865  
**VAT No.** IE 75544322  
**Date** 3 October 2020

Dear Mr O'Gorman,

Thank you for your enquiry that we received on 2 October. Please find below the prices of the goods you asked about. We also enclose a copy of our current brochure.

HP 173XC Tablets	Ref HPT173	€321.00 each
Epson Interactive Projectors	Ref EPIP224	€1,788.00 each
Charging Trolley	Ref CT278	€560.00 each

Please note the following terms:

- Delivery is free.
- All prices are subject to VAT @ 23%.
- All goods are currently in stock and delivery can be made within one week.
- We offer a trade discount of 20%.
- Payment must be made within one month from the date of the invoice.
- A cash discount of 5% will be given if payment is made within two weeks.

Thank you for your enquiry. I hope the above prices are to your satisfaction and I look forward to receiving your order.

Yours sincerely,

Leah Kelly

Leah Kelly,  
Sales Manager

# Order

## Effective Purchasing

**Effective purchasing** means getting quotations from a number of different suppliers before making a decision about who to place an order with. By doing this, the firm can be sure that they will get the best deal in terms of price, quality, delivery and terms of sale.

## Order

An **order** is a written request to a supplier to supply particular goods or services to the person named on the order.

## ORDER

Blarney College  
Blarney, Co. Cork  
Telephone: (021) 985362  
Email: [info@blarneycollege.ie](mailto:info@blarneycollege.ie)  
Website: [www.blarneycollege.ie](http://www.blarneycollege.ie)

To: IT for Education Ltd  
Unit 16, The Dockside Business Park  
Wexford Town

No. 50  
VAT No. IE2889944  
Date 10 October 2020

Please supply the following as per quotation no. 865.

Quantity	Description	Unit Price
24	HP 173XC Tablets, Ref HPT173	€321.00
2	Epson Interactive Projectors, Ref EPIP224	€1,788.00
1	Charging Trolley, Ref CT278	€560.00

Comments: Goods to be delivered to the above address within one week.

Signed: ~~Ronnie~~ O'Gorman

**Ronnie O'Gorman,**  
**Principal**



# Selling Goods on Credit

## Checking Creditworthiness

- **Creditworthiness** is a measurement of how likely it is that a person will pay a debt in full and on time.
- Before giving credit to new customers, it is important to find out how likely they are to pay for the goods when the time comes.
- There are a number of ways of doing this:
  - Ask the customer to provide a reference from their bank to say that their finances are in a healthy state.
  - Ask the customer to provide a trade reference from other firms they have done business with saying they have always paid their bills on time.
  - Take a look at the customer's accounts.
  - Pay a credit enquiry agency a fee to check if the customer owes any money to other firms.

# Selling Goods on Credit

## Bad Debts

- When goods are sold on credit, there is always the possibility that you will not get paid – in other words, that you will have some **bad debts**.
- Bad debts happen when people who owe you money cannot pay all or some of what they owe.
- There are a number of ways of trying to reduce the possibility of bad debts:
  - Take out insurance against bad debts if it is available.
  - Offer discounts to our customers who pay on time and bigger discounts to those who pay early.
  - Only sell for cash. This means that the customer must either pay for the goods before they are delivered or when they are delivered.
  - Send out invoices and statements on time so that customers will not forget to pay. The longer you take to collect the money, the more difficult it will be to get paid.

# Delivery Docket

The **delivery docket** acts as proof that the buyer received the goods.

## DELIVERY DOCKET

IT for Education Ltd  
Unit 16, The Dockside Business Park  
Wexford Town  
Telephone: (053) 126547  
Email: info@IT4E.com  
Website: www.IT4E.com

Order: 50

To: Mr Ronnie O’Gorman  
Principal  
Blarney College  
Blarney  
Co. Cork

No. 111  
VAT No. IE 75544322  
Date 10 October 2020

Quantity	Description	Comments
24	HP 173XC Tablets, Ref HPT173	
2	Epson Interactive Projectors,  Ref EPIP224	
1	Charging Trolley, Ref CT278	

Signature: \_\_\_\_\_

Position: \_\_\_\_\_

# Invoice

The **invoice** contains the following information:

- Details of the goods supplied – if some goods were not available, these will not appear on the invoice
- The quantity, unit price and total price of each good ordered and the total cost of the entire order as well as any trade discounts that apply
- The total price of the order, including VAT
- Terms of sale – in other words, the credit period and cash discounts available

# Invoice

## INVOICE

IT for Education Ltd  
Unit 16, The Dockside Business Park  
Wexford Town  
Telephone: (053) 126547  
Email: info@IT4E.com  
Website: www.IT4E.com

Order: 50

To: Mr Ronnie O'Gorman  
Principal  
Blarney College  
Blarney  
Co. Cork

No. 243110  
VAT No. IE 75544322  
Date 16 October 2020

Quantity	Description	Unit Price	Total (Ex. VAT)
24	HP 173XC Tablets, Ref HPT173	€321.00	€7,704.00
2	Epson Interactive Projectors, Ref EPIP224	€1,788.00	€3,576.00
1	Charging Trolley, Ref CT278	€560.00	€560.00
	Total (ex. VAT)		€11,840.00
	Less trade discount 20%		€2,368.00
			€9,472.00
	Add VAT 23%		€2,178.56
	Total		€11,650.56

Payment should be made by electronic transfer or cheque by 16 November.  
5% discount for payments received within two weeks of date of invoice.  
E&OE

# Invoice

## Invoice Terms

### Trade Discount

- A **trade discount** is a reduction in the price of goods given by the seller to trade buyers.
- A trade buyer is someone who intends to resell the goods again. For example, a retailer will use the goods to make other goods that they will then sell on to the consumer, such as a furniture manufacturer buying wood to make furniture.
- When completing business documents, remember: trade discount is taken away before VAT is added on.

### E&OE

- **E&OE** stands for errors and omissions excepted. It is printed at the end of all business documents and means that the seller has the right to correct any errors that may be discovered on the document.

## **Treatment of Invoices**

Before sending an invoice, the seller should:

- Check that the goods listed on the invoice match the goods that were delivered
- Check that the prices listed on the invoice are the same as those listed on the original quotation
- Check that you have given the correct discounts and terms of sale
- Make sure the customer's personal details are correct
- Use the details on the invoice to write up the accounts
- File a copy of the invoice, either electronically or in a filing cabinet

## **Treatment of Invoices**

After receiving an invoice, the buyer should:

- Check that the goods listed on the invoice were actually received
- Check that the prices listed on the invoice are the same as those listed on the original quotation
- Check all the calculations to make sure they are correct
- Use the details on the invoice to write up the accounts
- Check the terms of sale to see if any discounts are available for early payment
- File a copy of the invoice, either electronically or in a filing cabinet



# Credit Note

- If an organisation returns goods and they are accepted back, the seller sends the buyer a document called a credit note.
- A **credit note** is a document that indicates the amount that has been deducted from a bill as an allowance for goods that were returned.
- The credit note contains the following information:
  - Details of the goods returned
  - The quantity, unit price and total price of each good returned and the total cost of the returns
  - The total value of the returns, including VAT
  - E&OE

# Credit Note

## CREDIT NOTE

IT for Education Ltd  
Unit 16, The Dockside Business Park  
Wexford Town  
Telephone: (053) 126547  
Email: info@IT4E.com  
Website: www.IT4E.com

Order: 50

To: Mr Ronnie O'Gorman  
Principal  
Blarney College  
Blarney  
Co. Cork

No. 96  
VAT No. IE 75544322  
Date 23 October 2020

Quantity	Description	Unit Price	Total (Ex. VAT)
2	HP 173XC Tablets, Ref HPT173	€321.00	€642.00
	Total (ex. VAT)		€642.00
	Less trade discount 20%		€128.40
			€513.60
	Add VAT 23%		€118.13
	Total		€631.73

Comment: Tablets not working  
E&OE

## **Treatment of Credit Notes**

Before sending a credit note, the seller should:

- Check that the goods listed on the credit note match the goods that were returned
- Check that the prices listed on the credit note are the same as those listed on the original invoice
- Check that the correct discounts have been given
- Make sure the customer's personal details are correct
- Check the reasons for the return and take any action that might be necessary – for example, if the goods are faulty it might be a good idea to check all the remaining goods of that type before any more are sold
- Use the details on the credit note to write up the accounts
- File a copy of the credit note, either electronically or in a filing cabinet

# Credit Note

## **Treatment of Credit Notes**

After receiving a credit note, the buyer should:

- Check that the goods listed on the credit note are the goods that were returned
- Check that the prices listed on the credit note are the same as the price that was originally charged
- Use the details on the credit note to write up the accounts
- File a copy of the credit note, either electronically or in a filing cabinet

# Debit Note

- A **debit note** is used when a customer has been undercharged.
- It shows the extra amount that needs to be paid.
- Most firms do not use debit notes. Instead, they send the customer a credit note for the amount of the incorrect invoice and a new invoice showing the correct amount due.

# Statement

- A **statement** is a document that lists all the transactions between a buyer and seller over a period of time and the amount that is still due at the end of the period.
- The firm should send a statement to each of its customers at the end of the month.
- It contains details of all the transactions between the buyer and seller, including goods sold, goods returned, payments made and cash discounts given since the last statement.

# Statement

## STATEMENT

IT for Education Ltd  
Unit 16, The Dockside Business Park  
Wexford Town  
Telephone: (053) 126547  
Email: info@IT4E.com  
Website: www.IT4E.com

To: Mr Ronnie O’Gorman  
Principal  
Blarney College  
Blarney  
Co. Cork

Account No. 768  
VAT No. IE 75544322  
Date 31 October 2020

Date	Details	Debit	Credit	Balance
Oct 16	Invoice no. 243110	11,650.56		11,650.56
Oct 23	Credit note no. 172346		631.73	11,018.83
Oct 27	Cheque no. 11624		8,000.00	3,018.83
			Amount due	

Payments should be made by electronic transfer or cheque.

0–30 days	31–60 days	61–90 days	More than 90 days
€3,018.83			

E&OE

# Receipt

- A **receipt** is a written document signed by the seller of the goods stating that they received payment from the buyer.
- The amount that was paid is written on the receipt in words and figures.
- The receipt should be filed safely, as it may be required as proof of payment in the future.





# Receipt

## RECEIPT

IT for Education Ltd  
Unit 16, The Dockside Business Park  
Wexford Town  
Telephone: (053) 126547  
Email: info@IT4E.com  
Website: www.IT4E.com

Receipt No. 345

Date 28 October 2020

Received from Blarney College the sum of eight thousand euro ... €8,000.00

Signed: James O'Shaughnessy  
Accounts Department

# Electronic Documents

Most businesses prefer to send and receive business documents electronically (for example, by email) for the following reasons:

- It is a much quicker and more efficient method of transferring documents.
- It is cheaper, as it cuts down on stationery and postage.
- It is more environmentally friendly, as less paper is used.
- Storage of documents is done electronically, which reduces the amount of storage space required and is far more secure.
- It is quicker to locate documents that are stored electronically when they are required.

