

BUSINESS DOCUMENTS

Business documents are official papers which facilitate the act of buying and selling of goods.

Business documents are documents that serve as records and evidence for both the buyer and seller. Each party keeps copies of the documents that it receives as well as those it sends out, in order to keep track of the transactions.

Common examples of commercial documents are:

- | | |
|--------------------------|-----------------------|
| 1. Invoice | 13. catalogue |
| 2. Credit Note | 14. Price list |
| 3. Debit Note | 15. Pro-forma Invoice |
| 4. Receipt | |
| 5. Order forms | |
| 6. Advice note | |
| 7. Quotation | |
| 8. Delivery note | |
| 9. Letter of enquiry | |
| 10. Statement of account | |
| 11. Consignment notes | |
| 12. Trade journals | |

QUOTATION

This is a statement of the current price and terms of trade of a product or service.

It is a statement prepared by a supplier of goods or services for a particular order which shows the current price and terms of trade.

Usually a quotation is an answer to an inquiry and, therefore, it is applicable to that specific transaction only i.e. it is sent as a reply to an enquiry.

It is an obligation on the part of the seller to supply the goods or service if the inquirer accepts the conditions stated in the quotation.

Note: The inquirer has no obligation to accept the conditions offered.

Quotation is applicable to a particular transaction only.

INVOICE

This is a business document prepared by the seller and sent to the buyer **whenever goods are sold**. It serves as an **evidence/ proof** that the goods have been sent or delivered to the buyer.

The invoice sets out the full details of goods sent by the suppliers to the buyer stating the quality, price, discount given and terms of payment. Invoice gives a **comprehensive summary of transactions** involving sales or purchases of goods. Most invoices bear the term **E & O.E means Errors and Omission Expected**.

Invoice contains the following information: (a) Date of sales (b) Invoice number (c) Quality of goods sold (d) Description of goods sold (e) Unit price and total price (f) Terms of payment & delivery (g) Name and addresses of both the buyer and the seller (h) Signature of both buyer and seller.

Uses of invoice

- 1.It is a document showing details of goods sold
2. It serves as a receipt.
3. It is used to write up the purchases/sales journal

SAMPLE OF AN INVOICE

BUNNEX INDUSTRIES LTD				
SALES INVOICE				
CASH/CREDIT				
A/322Komai Line IBB Mkt.,				
Suleja, Niger State.				
Name.....			NO: 0134	
Address.....			Date:.....	
Quantities	Description	Rate	₦	K
TOTAL ₦				
Amount in word.....				
.....				
Name & signature or receiver				

CATALOGUE

This is a pictorial presentation of goods and articles available for sale, especially in mail order business. It is a medium of advertising.

Uses of catalogue

- 1.It is used to inform the buyers of the details of the goods, as to size, colours, prices and delivery terms.
2. It can also be used as a quotation or reply to enquiry.

PRICE LIST

This is a document that shows the current prices of the various products of a firm.

Uses of price list

1. It is sent by a wholesaler to retailer to inform him of details of goods, such as prices and delivery terms.
2. It is used by retailers to compare terms of different wholesalers.
3. It also guides the customer in making a choice.

CREDIT NOTE

This is a document used to correct an **overcharge**. It is a document sent by the customers for reduction in the amount owed by him. It arises because some goods are damaged or not supplied as ordered or the other like wrong colour, wrong type of goods, poor quality, etc.

It contains the following:

1. Names and address of both the buyer and the seller.
2. Date of the transaction.
3. Brief reason for the credit or Return.
4. The amount of credit.

To avoid confusion, it must be **printed in red**. It can be viewed from two perspectives:

(i) Credit note received from suppliers

If the credit note relates to goods returned to the suppliers, it will be entered in the returns outwards book and then debited to the suppliers account.

(ii) Credit note issued to customers

This will be posted to the returns inwards book and then credited to the customer's account.

USES OF CREDIT NOTE

- It is used to correct an overcharge.
- Used when customer returns damaged goods.
- When the seller has sent wrong goods to the buyer.
- When the seller sends fewer goods than ordered to the buyer.
- It is issued to cancel a wrong invoice.

SAMPLE OF CREDIT NOTE

ABU GOD Ventures Ltd
24 Yangoji Road. P.O.Box 245 Abuja

CREDIT NOTE

Dr. To: Mr. Junior Eke **Date.....**

S/N	Particulars	Amount N K
1.	One crate of eggs overcharged on Invoice No. 23568	1800.00

DEBIT NOTE

This is a document sent by the seller to the buyer to correct an **undercharge** or when goods are not charged on the invoice. Debit note is sent to customers to increase their indebtedness.

It is a document sent by the supplier/ seller to a buyer **to correct** an **uncharged in the original invoice**. For example, when ₦ 55, 000 is written on the invoice to a buyer who has actually bought goods worth ₦ 65, 000, a debit note of ₦ 10, 000 will have to be issued by the seller to correct the **undercharged**.

USES OF DEBIT NOTE

- To correct an undercharged
- To correct an omission in the original invoice
- To inform the buyer that his account has been debited
- When more goods than ordered have been sent to the buyer

ABU GOD Ventures Ltd					
24 Yangoji Road. P.O.Box 245 Abuja					
DEBIT NOTE					
Dr. To: Mr. Junior Eke			Date.....		
<hr/>					
S/N	Particulars	QTY	Rate	Amount N K	
1.	Longman Dictionary Error in addition	4	3500.00	14,000.00	

CONSIGNMENT NOTE

This is a document supplied to a carrier when goods are to be sent from one place to another. It gives details of the goods, number of packages, weight, name and address of the sender and consignee. The document after being completed by the sender is handed over to the carrier and signed by the consignee on the delivery of the goods, thus providing proof of delivery.

Uses of Consignment Note

1. It is used when the wholesaler engages an independent transporter to convey the goods to the retailer.
2. It is used to show details of goods sent.
3. It is also used as evidence of delivery when duly signed by consignee.

STATEMENT OF ACCOUNTS

This is a document sent by the seller to the buyer at regular intervals, usually showing credits and debits to the account and the balance due.

Uses of statement of account

1. It enables the customer of a firm to have a thorough check of what he has purchased.
2. It also gives the customer an idea as to his financial standing at a given period.
3. The information in it can be used to prepare a bank reconciliation statement.
4. The customer can use it to check the accuracy of the entries.
5. It shows the balance due for payment.
6. It shows the amount of goods bought and payment made.
7. It serves as a request to pay.
8. It draws attention to accounts which are overdue.

RECEIPT

This is a document issued from the seller to the buyer as an **evidence or proof** that the seller (**Creditor**) has received the amount thereon from the buyer (**debtor**) or as an **evidence or acknowledgement of payment**. It contains the following information: (a) Date of payment (b) Name of the buyer (c) Payment for/ purpose of payment (d) Amount paid (e) Receipt number (f) Name and address of the business (g) Signature of the receiver

N:B Being written on a receipt indicates/shows the purpose of payment

Sample of a Receipt

HERO VENTURES LTD	
51 market close, Wuse 2, Abuja.	
NO: 06496	Date :-----
<u>CASH RECEIPT</u>	
Received from:.....	
The sum of :.....	
Being payment for.....	
<div style="border: 1px solid black; display: inline-block; padding: 2px 10px;">₦ K</div>	
Signed by.....	

Uses of Receipt

- 1.It serves as evidence of payment.
- 2.It states the actual amount received and who received it.
3. It shows the date of payment.
4. Receipt is used for auditing purposes.

DELIVERY NOTE

This is a document sent by the seller to the buyer along with the goods he has bought, indicating that the goods have been delivered. The buyer is expected to check the products when they are delivered, and sign the delivery note as an acknowledgement that the goods have been received.

Uses of delivery note

- 1.It is used to confirm the goods on arrival before it is filed for reference.
2. It is used as evidence of delivery.
3. It is used when goods are transported by the wholesaler's means of transport.

Specimen of Delivery note.

Mary Ann Nigeria Enterprises 28 Iyana Paja Road, Lagos Tel: 07082321429			
<div style="border: 1px solid black; padding: 5px; display: inline-block;">DELIVERY NOTE</div>			
Date.....No:.....			
Order No:.....			
Transport.....			
QTY	Description	Unit Price	Total
..... Customer's Signature	 Store Manager Signature	

ADVICE NOTE

This is a document sent by the seller to the buyer to inform the buyer to expect the arrival of the goods he ordered. It is normally sent to reach the purchaser ahead of the goods which are sent through the rail.

NOTE: Advice note will provide information on when and where to expect the goods sent.

Uses of Advice note

- 1.It is used to inform the buyer that his goods are on the way.
- 2.It is used to show the mode of transport used.
3. It is used to inform the consignee of the likely time the goods would arrive

LETTER OF ENQUIRY

This is the first stage in any transaction where the buyer sends a letter to the seller indicating what they are interested in buying and requesting for information about such product or service. The letter of enquiry must explain clearly what range and type of goods you are enquiring about and what information you are interested in from the supplier such as size or quantity, price, discounts, quality, terms of payment and delivery date etc.

Uses of Letter of enquiry

- 1.It is sent by the buyer to the seller to find out about the availability of goods, their prices and the terms of payment.
- 2.It informs the seller of the goods required, the quantity, the time and the terms of delivery.

Example of a letter of enquiry.

	Uyodhu Group Plc, Utako line 2, F.C.T, Abuja
The Sales Manager Ayobami Enterprises, Wuse 2, Abuja	
<u>ENQUIRY</u>	
We would like to know if you have Dell. Computer Model DI 150, HP printer and overhead projector.	
Please send detailed information about these products as soon as possible.	
	Yours Faithfully Edewor David Purchasing officer

TRADE JOURNALS

These are publications which serve as sources of information to the buyers as it contains articles on matters of interest to people in a particular trade. It contains information about price, terms of payment, terms of sales and delivery. The description of the goods will be also be shown in the journal.

Order

Order is a document which instructs a seller to supply a given quantity of items based on agreed term. It is a reply to quotation or price list. An order can also be called **quotation**.

An order is a statement sent by the buyer to the seller, stating the full description and quantity of goods required. After the buyer has gone through the catalogue, he will then place an order. The order will show the goods required, the quantity, type, conditions of payment, purchases and method of delivery

PRO-FORMA INVOICE

This is an invoice that is usually submitted before goods are despatched as a polite request for payment to be made in advance when a seller is not willing to sell on credit and to show the goods. If the goods are retained, it becomes an ordinary invoice.