

Letter of Enquiry

When a business wants to buy from another business (known as B2B), they will often write a letter of enquiry, particularly if they haven't dealt with the company before.

The buyer might phone or send letters to several different businesses, requesting availability of goods, prices and the terms of sale.

The terms of sale are the conditions attached to a sale, such as who pays for delivery, what discount is available, and when the invoice has to be paid.

Quotation

A **quotation** is a written document that is sent by a seller to a prospective buyer. It shows the price of the goods and any terms of sale.

Delivery Note

Once the sale has been agreed, the seller will start to complete the order and prepare a delivery note and invoice.

The **delivery note** is a document sent by the seller to the buyer that lists the items being delivered.

When the goods are delivered to the buyer's address, the person making the delivery will ask the buyer to sign the delivery note.

This will act as proof, if required, that the goods were delivered.

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A Credit Note

A **credit note** is a document that is sent by the seller to the buyer to decrease the amount owed.

It is issued when goods that have been purchased on credit are returned to the seller and it would not be appropriate to provide a cash refund.

The credit note is sent if any of the following situations arise:

- ★ The amount charged was too much
- ★ The wrong goods were delivered
- ★ The goods were damaged or of poor quality
- ★ Some of the goods have to be returned for some reason

An Invoice

An **invoice** will be sent either with the delivery or by post.

The invoice is a document sent by the seller to the buyer with the goods or shortly after the delivery of them. It gives details of the quantity, price of the goods being sent, terms of sale and details about carriage. The invoice acts as the final bill for the goods delivered.

A Debit Note

A **debit note** is sent by the seller to the buyer and will increase the amount owed.

It is used when there has been an undercharge on an account.

The debit note is issued if either of the following situations arise:

- ★ If the buyer has been undercharged
- ★ If the buyer received goods but was not charged for them on the invoice.

Payment

When goods are sold for cash, payment may be made when the order is made (CWO) or when the goods are delivered (COD).

The payment may be made in cash or through other forms of payment such as a cheque or bank credit transfer.

If not paid for when goods are ordered or delivered, payment should be made within the credit terms given, e.g. thirty days.

A Receipt

A **receipt** is a written document stating that the goods have been paid for.

- It is signed by the seller and given to the buyer.
- Receipts should be filed away safely as they may be required as proof of payment in the future.

Statement of Account

A **statement of account** is sent by the seller to the buyer

It is a summary of all the transactions between the two firms over a particular period of time. It shows the full amount owed and will act as a demand for whatever payment is still owed.

The method used in the statement of account is known as the **continuous balancing method**.

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