



AAT LEVEL 2

FULL-TIME GROUP

Unit BA1 :

TOPIC

Credit Purchases: Documents



AIMS

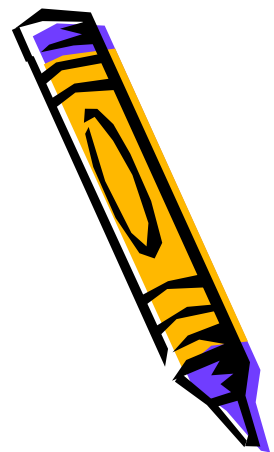


- To study the procedure for setting up a credit purchase.
- To look at different documents required when making a purchase.

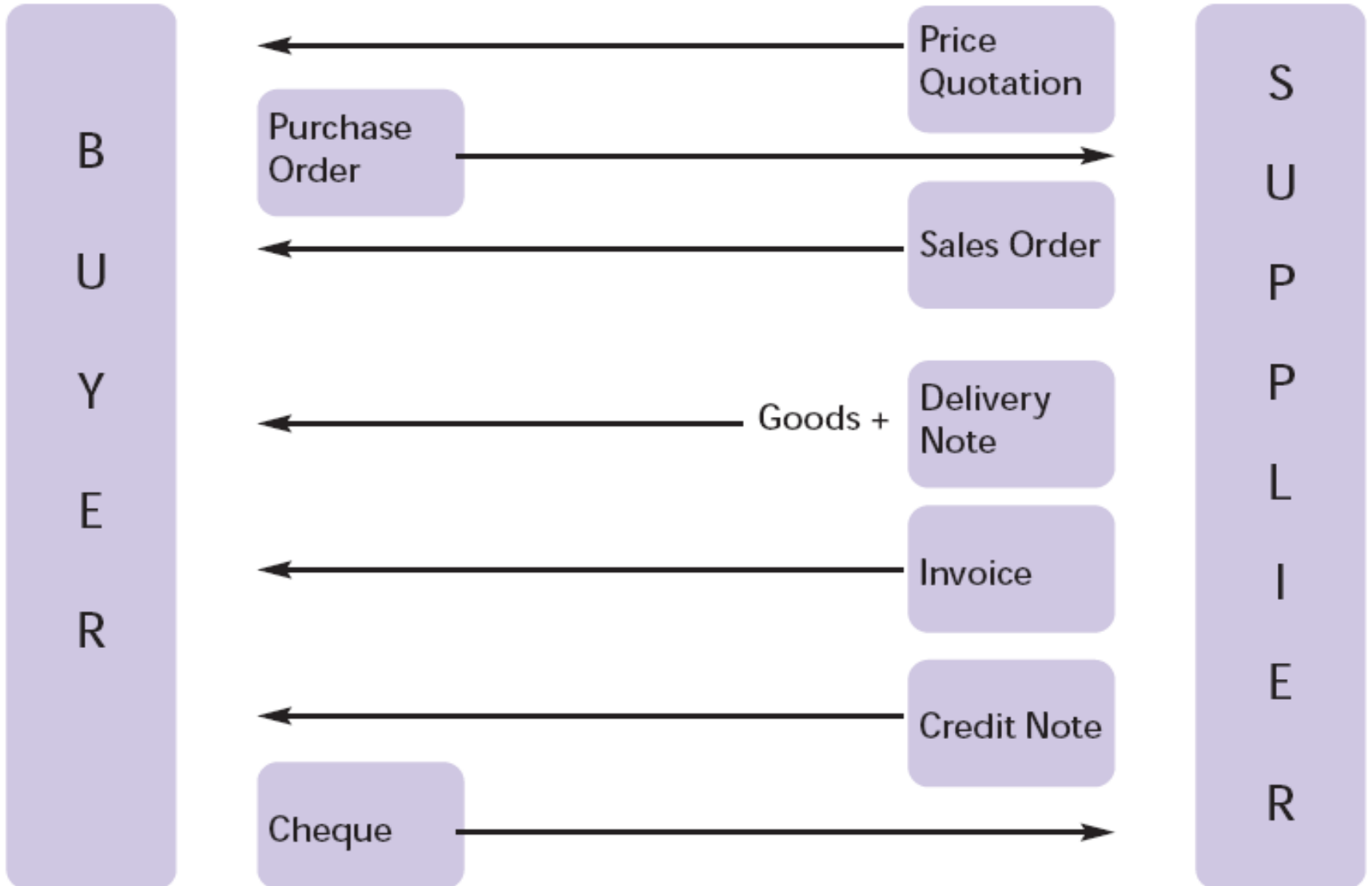


LEARNING OUTCOMES

- Students should be able to:
- Calculate the amount of VAT when trade and cash discounts are given.
- Demonstrate different purchase documents.
- Summarise the procedure involved in making the purchase.
- Check suppliers' invoices and credit notes against documents for validity.



Credit purchases



ORDERING GOODS AND SERVICES

- Identify different methods that can be used to place an order with a supplier.
- Telephone
- In writing
- Fax
- Internet

TEXTBOOK PAGE 251-257

- Read the method adopted for purchases and the documents used.**
 - Prepare notes.**
-

SETTING UP A CREDIT TRANSACTION



- PURCHASE REQUISITION
- PURCHASE ORDER
- CONFIRMING SALES ORDERS

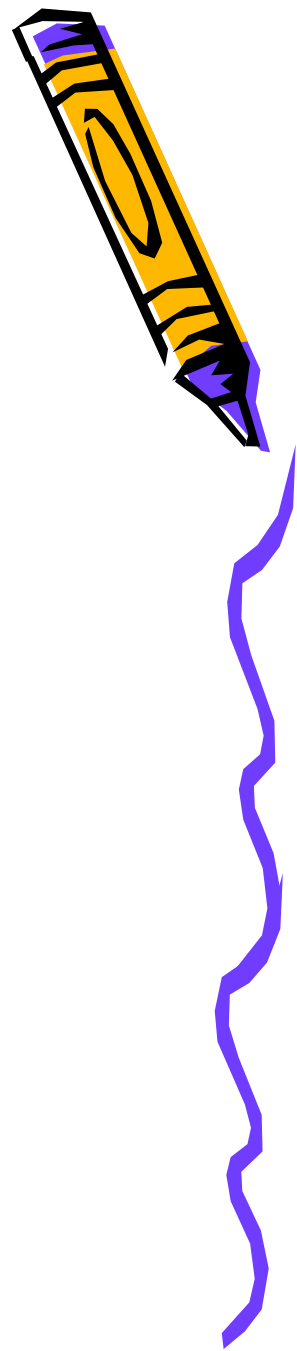


Purchase order

PURCHASE ORDER				
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>ALPHA LTD Mountjoy Street Shepherd's Bush LONDON W12</p> <p>Tel: 0208 741 2962 Fax: 0208 741 2963 Date: 17 September 20X3 Purchase order no: P01562 VAT Reg no: 413 2790 04</p> </div> <div style="width: 50%; text-align: right;"> <p><i>Name and address of business placing the order</i></p> <p><i>Order date</i></p> <p><i>Sequential order number</i></p> <p><i>VAT registration number of business placing the order</i></p> <p><i>Name and address of business the order is being placed with</i></p> </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 20px;"> <div style="border: 1px solid black; padding: 5px; width: 40%;"> <p>To: City Woods Suppliers 192 Old Kent Road London SE1 8QT</p> </div> <div style="border: 1px solid black; padding: 5px; width: 40%;"> <p>Delivery address (If different from above)</p> <p>26 New Road Milton Keynes MK25 2BA</p> </div> </div>				
<i>Product</i>	<i>Ref</i>	<i>Quantity</i>	<i>Price per unit (ex VAT)</i> £	<i>Total (ex VAT)</i> £
Chipboard sheeting 6' x 4'	CB0351	10	23.00	230
<p>Signed: <i>J Rowlands</i> Purchasing Manager</p>				

PURCHASE ORDER (PO)

- Document sent to a supplier confirming an order for goods or services.
- The PO has its own unique, sequential number.
- POs should be carefully controlled.
- Must be carefully checked for details.

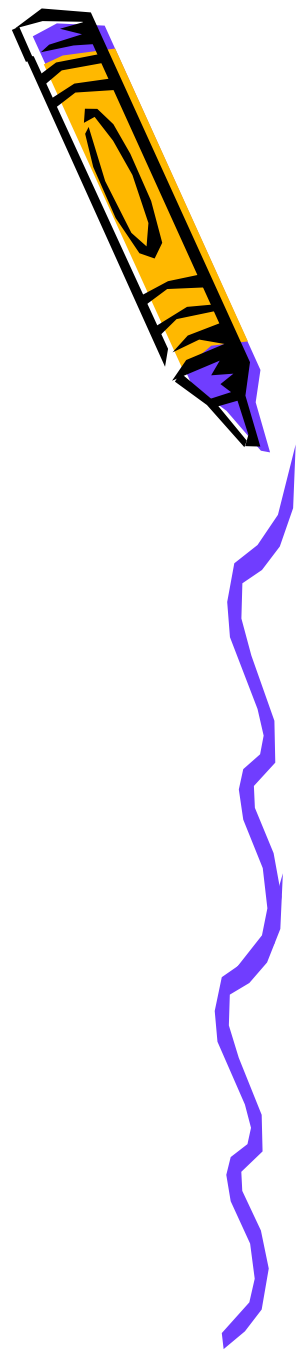


SALES ORDER

- **Supplier confirms the order of the customer.**
- **Document containing:**
 1. **Type of goods**
 2. **Quantity**
 3. **Delivery date**
 4. **Location of supply**
 5. **Price**
 6. **Terms of sale**

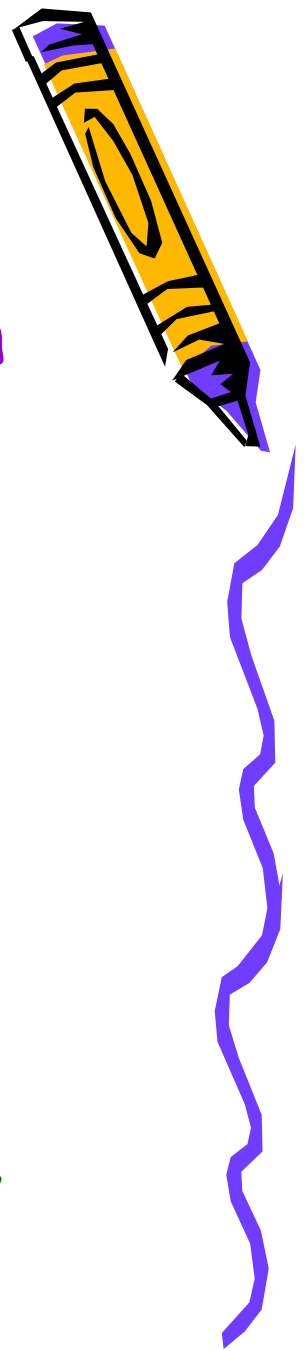
RECEIPT OF THE GOODS

- DELIVERY NOTES
- PURCHASE INVOICE



DELIVERY NOTE

- Document accompanying goods when they are delivered by the supplier.
- Normally has 2 carbon copies.
- Contains sequential numbers, pre-printed.
- It does not include any price information.



Delivery note

City Woods Suppliers



192 Old Kent Road
London
SE1 8QT

Tel: 020 7248 7009 - Fax: 020 7248 7890

DN 005673

DELIVERY NOTE

To:

Delivery:

Delivery date:

Alpha Limited
Mountjoy St
London W12 6RS

26 New Road
Milton Keynes
MK25 2BA

Date: 25 September 20X3

Date: 20 September 20X3

Sales order number: 41161

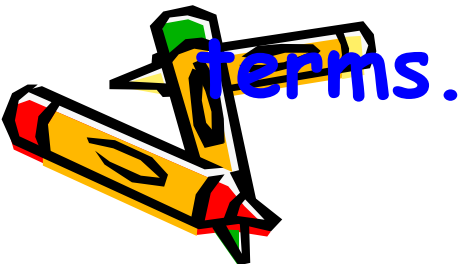
We confirm the following order to be delivered as above.

<i>Product</i>	<i>Code</i>	<i>Quantity</i>
Chipboard 6' x 4'	CB0351	10

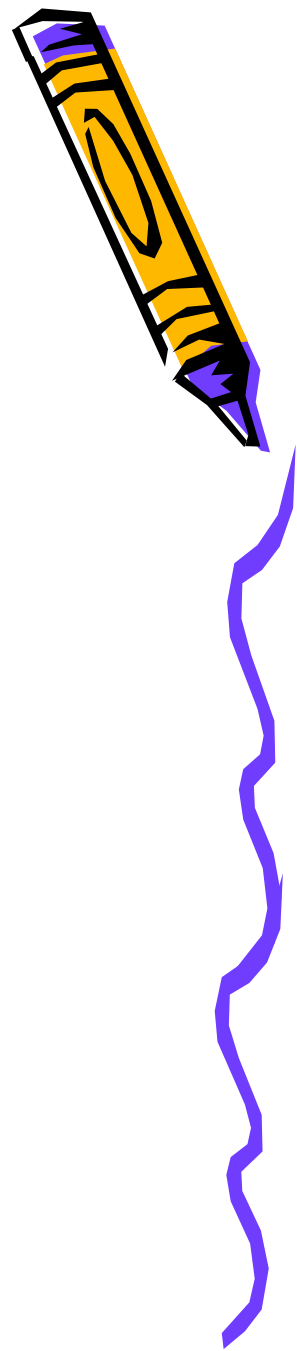
Received in good condition: A Patel

PURCHASE INVOICE

- Final stage in the purchasing system.
- Prepared from the details shown on delivery notes.
- Receipt of purchase invoice from the supplier detailing the cost of the goods purchased and payment terms.



CHECKS ON PURCHASE INVOICES



- Number of checks are required before it can be passed for payment.
- WHY?



CHECKS ON PURCHASE INVOICES

- **The purchase invoice must be checked to the:**
- **purchase order**
- **(to ensure goods were ordered)**
- **delivery note**
- **(to ensure goods were delivered.**
- **Following checks are also required:**
- **Check the description and the quantity of the goods.**
- **All pricing calculations.**
- **Trade discount or bulk discount calculations.**
- **VAT calculations, keeping cash discount in mind.**
- **Total addition of the invoice.**

Authorisation stamp

The invoice is stamped with an authorisation stamp (or grid stamp) which shows that the invoice had been checked and also coded.

Purchase order no	436129
Invoice no	388649
Cheque no	
Account code	PL70
Checked	J Wilmber
Date	03/05/X4
ML account	006

Payment on statement

- **Before any payments are made, check that the supplier's statement is correct.**
- **Each invoice and credit note should be checked to**
 - **the original documentation or**
 - **the supplier's account in the subsidiary ledger.**