

CLASS: JSS 2

SUBJECT: BUSINESS STUDIES

TOPIC: OFFICE DOCUMENTS

WEEK: 6

LEARNING OBJECTIVES:

1. Meaning of Office documents
2. Types of Office documents
3. Cash and Credit Transactions
4. Importance of Office documents

Office Documents: These are original documents used to record transactions by the bookkeeper. Source documents are also internal document that act as tangible evidence of a business deal. They function by giving the bookkeeping process a reference point.

Types of Office Documents:

There are two main types of office documents:

1. Sales Documents
2. Purchases Documents

Sales Documents: these are documents used in keeping records of all sales transactions. Records are kept of what is sold either in cash or credit and what is undercharged or overcharged. These sales documents are Invoice, Debit Note and Credit Note

1. **Invoice:** An invoice is a business document which a seller of a product gives out whenever goods are sold to customers. It contains the following information:
 - a. Names and addresses of buyer and the seller;
 - b. Date of the sale;
 - c. Description of goods, including quantity and unit price;
 - d. Terms on which the goods are sold. Invoice is prepared in a way that it will have duplicate copy for reference purposes.
2. **Debit Note:** It is a document that is written out by the seller whenever the buyer is undercharged on the invoice. Debit note proves that the buyer of an item owes the seller. Example, a seller sent an invoice to the value of #50,000 to the buyer of freezers. But in writing out the amount, he made a mistake and wrote #5,000. The seller will use a debit note to correct it.

3. **Credit Note:** This is a document prepared by the seller for goods returned by the buyer. It is used to correct the errors of overcharge made in the invoice. This note proves that the seller owes the buyer. When damaged goods are returned by the buyer, the credit note is issued to the buyer by the seller.

Purchases Documents: These are documents used in keeping records of purchases in the organization. Records are kept of what is ordered and receipts issued for goods purchased. Examples of purchases documents are: Order Form, Receipt, Credit Card and Cheque

1. **Order Form:** This is printed in form of letter by the supplier to purchaser, which describes the goods to be bought, the quantity, the delivery date, the unit price of the items and the address of delivery, if different from the purchaser's address.
2. **Receipt:** This is a document that is issued to the buyer by the seller as an evidence of payment for an item bought. Receipt is a legal proof of payment. A receipt shows the sum of money that is paid for goods bought.
3. **Credit Card:** Credit card enables purchase of goods on credit by buyer from a shop which has such facilities. The holder of a credit card has an upper limit to which he can purchase on credit.
4. **Cheque:** This is a written order from account holder (Drawer) to a bank (payee) to pay a specified sum of money to the person whose name is on it (Drawee).

Types of Cheque

- a. Crossed Cheque
- b. Open Cheque

Crossed Cheque: Is a cheque that has two parallel lines drawn, with or without any words, generally on the left-hand top corner or in the middle of the cheque. In cross cheque, cash from the drawer's bank account is not given to the drawee rather it is sent to his/her bank account.

Open Cheque: This is a cheque which is not crossed on any side of it. Cash from the drawer's bank account is paid to the drawee at the counter of his bank.

How to fill out a Cheque: A filled cheque usually has the following:

- i. Date
- ii. Name of Drawee
- iii. Amount in figure and words
- iv. Signature of drawer
- v. Full name of payee

Other forms of office documents are:

1. Letter of enquiry
2. Quotation
3. Price list
4. Order
5. Delivery Note
6. Statement of Account

Cash and Credit Transactions: A cash transaction is one in which goods or services are paid for in cash, while a Credit Transaction is a transaction in which payment is delayed until a later date.

Importance of Office Documents

1. They provide tangible proof that a financial transaction actually took place. These days, these documents may be in a traceable electronic form rather than a physical hard copy.
2. They help for the auditing procedure. When a company is audited, the auditor's ability to see a complete and easily available all transactions improves the audit's overall objectivity and validity.
3. They act as reference point for business transactions

Assignment

Write a short note of the following:

1. Letter of enquiry
2. Quotation
3. Price list
4. Order
5. Delivery Note
6. Statement of Account