



Chapter 16

Using Math in Sales

- **Section 16.1** Sales Transactions
- **Section 16.2** Cash Registers
- **Section 16.3** Purchase Orders, Invoices, and Shipping

Sales Transactions

Key Terms

sales check

layaway

on-approval
sale

cash-on-
delivery
(COD) sale

sales tax

allowance

Objectives

- List all types of retail sales transactions
- Process purchases, returns, and exchanges
- Generate and process sales documentation
- Calculate sales tax, discounts, and shipping charges

Marketing Planning

Graphic Organizer

Draw the following chart. As you review this section, list six types of retail sales transactions.

Types of Retail Sales Transactions		
1. Cash or check	2.	3.
4.	5.	6.

Types of Retail Sales Transactions

As a salesperson or cashier, you will handle several types of sales transactions. Most will be cash and debit or credit card sales, but you might also have to deal with:

- Layaway (or will-call) sales
- On-approval sales

Types of Retail Sales Transactions

- Cash-on-delivery (COD) sales
- Returns and exchanges
- Allowances
- Sales tax
- Shipping charges

Cash or Check Sales

A cash sale is a transaction in which the customer pays with cash or a check. When a customer writes a check, you may need to verify his or her identity by requesting a driver's license or some other form of ID.

Cash or Check Sales

sales check

A written record of a sales transaction that includes such information as the date of the transaction, items purchased, purchase prices, sales tax, and the total amount due.

A **sales check** ◀ is a written record of a sales transaction that includes such information as:

- Date of the transaction
- Items purchased
- Purchase prices and sales tax
- Total amount due

Cash or Check Sales

Some math is necessary when preparing handwritten sales checks. Occasionally, you will not be given a unit price, and you will need to calculate it on your own.

Debit Card Sales

Many people carry debit cards that are linked to their bank accounts. Customers use a personal identification number (PIN) pad to key in their PIN. The terminal dials out and checks to see if there are enough funds in the customer's account to pay for the sale.

Debit Card Sales

Most merchants prefer payment by debit card because:

- They have access to the money much sooner
- There is no risk of insufficient funds
- The cost to the merchant is less than when the customer pays with a credit card

Credit Card Sales

Statistics show that by accepting credit cards, businesses can increase sales by as much as 40 percent. Credit cards are the most common form of payment for Internet purchases.

Companies pay fees to the agency that handles the record keeping for each transaction.

Credit Card Sales

For many businesses, the amount of each credit card sale is electronically deposited in the business's bank account as the sale is made.

Many retail businesses set a maximum amount a customer is allowed to charge to a credit card to protect themselves against the use of stolen or fake cards.


Reporting Credit or Debit Card Sales

Electronic recording of credit card sales has replaced manually prepared credit card sales checks. Three copies are made of each manually prepared sales check: one each for the customer, the seller, and the credit card company.

Layaway Sales

layaway

A sales method that keeps merchandise in storage until the customer finishes paying for it.

Removing merchandise from stock and keeping it in a storage area until the customer pays for it is called **layaway** , or will-call. The customer makes a deposit and agrees to pay for the purchase within a certain time period.

On-Approval Sales

on-approval sale



An agreement permitting a customer to take merchandise (usually clothing) home for further consideration.

An **on-approval sale** ◀ is an agreement permitting a customer to take merchandise home for further consideration. If the goods are not returned within an agreed-upon time, the sale is final.

Cash-on-Delivery Sales

cash-on-delivery (COD) sale

A transaction that occurs when a customer pays for merchandise at the time of delivery.

A **cash-on-delivery (COD) sale** is a transaction that occurs when a customer pays for merchandise at the time of delivery. COD sales are not as efficient as other types of sales transactions.

Sales Tax

sales tax

A percentage fee placed by the government on the sale of goods and services.

A **sales tax** ◀ is a percentage fee placed by the government on the sale of goods and services. Rates differ from state to state, and many areas also have local taxes. Sales tax is paid only by the final user. It does not apply to goods sold for resale.

Returns, Exchanges, and Allowances

allowance



A partial return of the sale price for merchandise that the customer has kept.

A return is merchandise brought back for a cash refund or credit.

An **allowance** is a partial return of the sale price for merchandise that the customer has kept. These are usually given when there is a defect in the merchandise.

Returns, Exchanges, and Allowances

To process a return, look at the sales check and:

- Find the item being returned
- Calculate the difference between the exchanged items
- Determine the difference in tax

Shipping Charges

Because delivery charges are generally exempt from sales tax, they are added after the sales tax has been calculated. The charge depends on:

- The service used
- The weight of the shipment
- The distance it is being sent

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SECTION 16.1 REVIEW

SECTION 16.1 REVIEW

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Cash Registers

Key Terms

Universal
Product Code
(UPC)

point-of-sale
system

till

opening cash
fund

Objectives

- Name the functions of cash registers and point-of-sale (POS) terminals
- Explain the uses for Universal Product Codes (UPCs)
- Make change

Marketing Planning

Graphic Organizer

Draw the following chart. Write in three methods of entering information in an electronic cash register and three safeguards against theft.

Types of Retail Sales Transactions		
1. Cash or check	2.	3.
4.	5.	6.

Cash Registers and Their Main Functions

All cash registers perform three basic sales transaction functions:

- Recording sales
- Storing cash and sales documents
- Providing receipts

The Electronic Cash Register

Businesses today utilize electronic registers that perform additional functions including:

- Figuring sales tax and discounts
- Subtracting and crediting returns
- Tracking inventory and reordering stock

The Electronic Cash Register


Sales transaction data are entered into an electronic register in several ways:

- Optical scanning
- Electronic wand entry
- Manual key entry

The Electronic Cash Register

Universal Product Code (UPC)

A combination bar code and number used to identify a product and manufacturer.

A **Universal Product Code (UPC)**  is a combination bar code and number used to identify a product and manufacturer.

The Electronic Cash Register

UPCs have two parts:

- The machine-readable bar code
- The human-readable UPC numbers

The last number of the code is a check digit based on all the other digits. If it does not match, it signals that the item needs to be checked.

The Electronic Cash Register

point-of-sale system

A cash register combined with a computer that can capture information about the transaction at the time of sale, then apply it to different functions.

A **point-of-sale system** ◀ combines a cash register with a computer, making it possible to capture information about the transaction, then apply the information to different functions.

A new technology for sales transactions is radio frequency identification (RFID).

Current Trends

New trends in sales transactions include self-service checkout stands.

Another new technology is radio frequency identification (RFID). With RFID, radio frequencies are used to read labels on products as a customer passes his or her cart through checkout.

The Cash Drawer

till



The cash drawer of a cash register.

opening cash fund



A limited amount of money for the cash register provided by a manager or other designated person at the beginning of each business day.

The **till** ◀ is the cash drawer of a cash register, with compartments for coins and bills.

At the beginning of each business day, a staff member provides a limited amount of money for the cash register, known as the **opening cash fund** ◀.

Making Change

Without an automatic customer display or POS system, just count back the change shown on the display. If you are making change without a customer display screen, follow these five steps:

- Announce the total amount of the sale.
- Announce the amount tendered: "Out of \$20."

Making Change

- Place the amount tendered on your register ledge until you have given the change.
- Count silently while removing change from the cash drawer.
- Count aloud when handing the change to the customer.

Making Change

Cashiers who use a register must account for the day's sales and money at closing. This process goes by a number of names, including *balancing the cash* and *balancing the till*.

Making Change

Be sure to always close the cash drawer between transactions and lock it if you need to leave for a moment. Don't let yourself get distracted when counting change.

Making Change

Guard against counterfeit money by becoming very familiar with U.S. currency. Here are some tips:

- Genuine currency has tiny red and blue fibers throughout.
- The portrait on a real bill appears lifelike and stands out from the background.

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SECTION 16.2 REVIEW

SECTION 16.2 REVIEW

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Purchase Orders, Invoices, and Shipping

Key Terms

purchase order (PO)

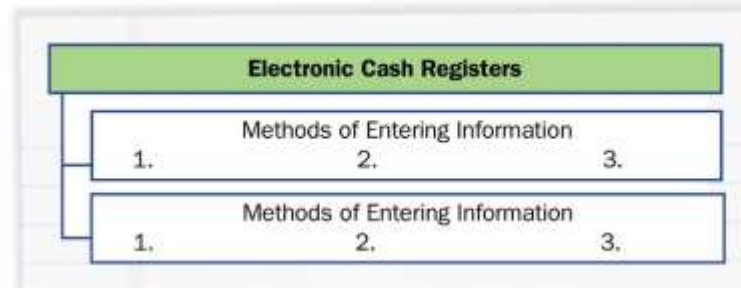
invoice

terms for delivery

free-on-board (FOB)

Objectives

- Prepare purchase orders and invoices
- Explain delivery terms



Purchase Orders, Invoices, and Shipping

Graphic Organizer

As you review this section, write in the six types of information needed to complete a purchase order or an invoice.

Information Needed	
Purchase Order	Invoice
1. Item number	

Purchase Orders

purchase order (PO)



A legal contract between a buyer and a supplier to purchase a specified number of products at a specified price.

A **purchase order (PO)** is a legal contract between the buyer and supplier. This document lists the:

- Item number, quantity, and description
- Unit and unit cost
- Total also called the extension

Invoices

invoice



An itemized list of goods that includes prices, terms of sales, total, taxes and fees, and amount due.

When filling an order based on a PO, a vendor will include an invoice with the delivered merchandise. An **invoice** is an itemized list of goods that includes:

- Prices, terms of sales, and total
- Taxes and fees, and amount due

Dating Terms

Dating terms state when a bill must be paid and the discount granted for paying early. For example, “2/10, net 30” means that there will be a 2 percent discount if the buyer pays within ten days, and that the invoice total must be paid within 30 days.



Shipping

Shipping services vary greatly, from international express delivery to the U.S. Postal Service's regular mail service.

With COD (cash-on-delivery) shipments, the postal carrier will collect the amount due from the customer and forward it to the company.

Delivery

terms for delivery



The final delivery arrangement between the buyer and seller.

The issues within a delivery are who will pay for the delivery and when change of title (ownership) will take place. The final arrangement between the buyer and seller is called the **terms for delivery** ↴.

Delivery

free on board (FOB)

The price for goods includes delivery at the seller's expense to a specified point and no further.

All possibilities for terms for delivery are variations of **free on board (FOB)** ◀.

- FOB destination: Title and ownership of goods are the seller's until delivery.
- FOB shipping point: The buyer is responsible for shipping and any damages during transit.

Delivery

- FOB factory freight prepaid: The seller pays for shipping, but the buyer owns the goods in transit.
- FOB destination charges reversed: The buyer is the owner when the goods are received, and he/she pays for shipping.

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SECTION 16.3 REVIEW

SECTION 16.3 REVIEW

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FOCUS on KEY POINTS

Section 16.1

- You may be called upon to handle several types of sales transactions. They may include cash sales, debit card or credit card sales, layaway sales, on-approval sales, and COD sales. You may also handle returns, exchanges, and allowances.

continued

FOCUS on KEY POINTS

Section 16.2

- Most retail businesses today use electronic cash registers to record sales transactions. Many of these registers are linked to computers as part of a point-of-sale (POS) system. Electronic cash registers display the amount of change to be returned to the customer.

continued

FOCUS on KEY POINTS

Section 16.3

- To place an order, most companies prepare a purchase order. A purchase order includes the item number, quantity, description, unit, unit cost, and total (or extension) for each item ordered. When filling an order, a vendor prepares an invoice with the delivered merchandise.



This chapter has helped prepare you to meet the following DECA performance indicators:

- Prepare cash drawers/banks.
- Accept checks from customers.
- Describe the use of technology in the selling function.
- Orient new employees.
- Demonstrate orderly and systematic behavior.



CHAPTER 16 REVIEW

CHAPTER 16 REVIEW

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