IQ
BUYOUTS

P R E F A C E

This is the IQ Buyouts guide for IQ Retail (PTY) Ltd Accounting Software Systems, IQ Business and IQ Enterprise.

The document will aid in the configuration of the IQ Buyouts for it to function correctly.

Although every effort has been made to keep this IQ Buyouts document up to date, some of the screen examples may not be 100% the same as the ones reflected in previous versions of IQ Business or IQ Enterprise. This is due to the continuous development and improvement of IQ Enterprise.

Unfortunately, there will be a discrepancy from time to time. We do apologize for the inconvenience that it may cause. This document includes functionality as presented in Version 2017.2.0.0.

Should you feel that the IQ Buyouts document is inadequate or requires further explanation or more and better examples, please feel free to email us.

We would love to have some feedback to improve the IQ Buyouts document in some way or another.

Regards,

IQ Retail (PTY) LTD

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IQ BUYOUTS

INTRODUCTION

The IQ Buyout function enables the user to buy the required stock item from a competitor or alternative supplier and sell it to the customer. The IQ Buyout functionality allows the user to capture a Buyout item on a sales document and a purchase order is automatically generated.

The Buyout function will NOT impact the stock cost levels (FIFO) levels, as buyout items will display in a separate block in the Stock Cost Levels (FIFO).

Customers who find that a stock item is unavailable to buy, are likely to form a bad impression of a retailer and seek to buy the item from a competitor, or the user would like to build his relationship with a customer and sell a required item, even if it doesn't form part of the usual stock list. The IQ Buyout function was created to overcome this problem.

NOTE: Buyouts can't be processed in the Point of Sales module, as the Buyout is usually done by authorised personnel who can source the item for selling, which takes time.

In other words, buyouts can only be processed in the Processing Module.

The following modules will allow for Buyout items:

- Sales Orders

- Invoices and/or Recurring Charges

- Purchase Orders

There are two (2) different methods of using buyouts:

- The user can Buyout an existing stock item in case of an emergency.

  In other words, the company usually stocks a specific item, but there is no onhand available and the user must buy the item from a competing company or alternative supplier to finalise a sale.

- The second option is where the company doesn't usually sell the specific item, but the customer wants you to acquire the item for them.

  In other words, the specific item is not a stock item in your company, but the customer wants you to buy it from another company and make it part of the sale.

For the second option, the user must create a Buyout item without any cost price or selling prices.

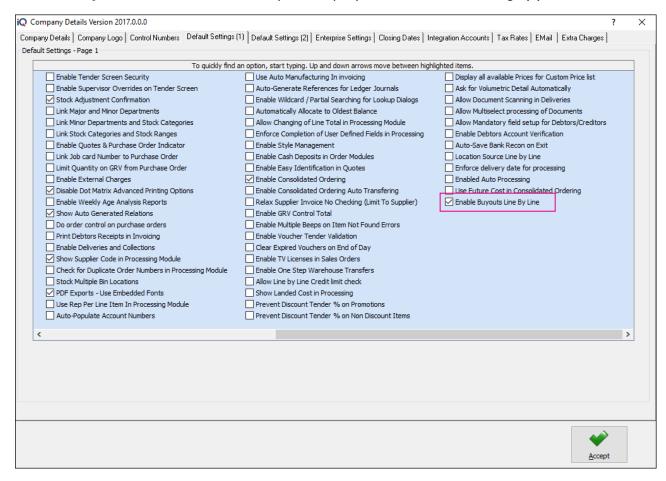The created Buyout item can be used more than once.

In other words, the user creates one item as a Buyout stock item and use the buyout item repeatedly for buying and selling.

NOTE: It is suggested that the user create a specific Creditor / Supplier account for item buyouts. This supplier account can then be used for all buyout items, instead of creating many supplier accounts for companies not regularly used for buying stock items.

SETUP

Buyouts must be enabled in the Company details.

From the IQ main menu → Utilities → Setup → Company Details → Default Settings (1).

Enable Buyouts for all the required modules and click on the Accept button at the bottom of the screen to save the changes made.

Modules that Allow Buyout Items:

- Sales Orders

- Invoices

- Purchase Orders

NOTE: The system will not allow the user to link Buyout codes to Recurring charges.

BUYOUT EXISTING STOCK ITEMS

Buyout of existing stock items is done when the company usually carries the stock item, but don't have stock onhand. Authorised personnel must phone other companies (possibly competing companies) to get the price you will have to pay for the requested item.

The user will pay the selling price from the supplying company for the item, which will then become the cost price for the item in your books. This once-off cost price is much more than the cost price that you would usually pay for the item, if it is bought from the regular suppliers. The Buyout functionality ensures that this higher cost price doesn't affect the average cost price of the item.

A buyout transaction will usually start in the Sales or Debtors department of a company. This customer wants an item that should be in store, but there are no onhand quantities available for selling. The user would like to help the customer to obtain the item, without losing the sale or customer to a competing company.
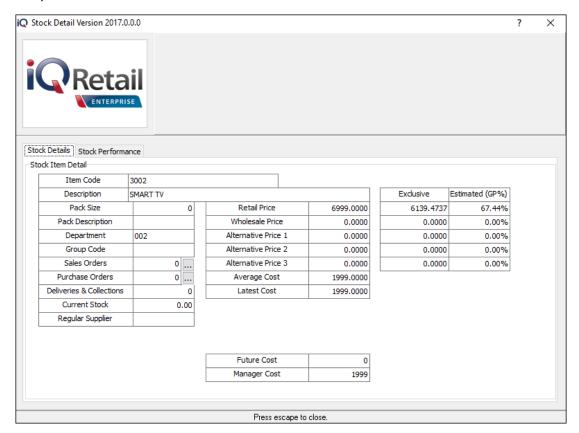
PROCESSING USING BUYOUTS FOR STOCK ITEMS

NOTE: Please note that the method of using the Buyout item as an existing stock item, is the same for Invoices and Sales Orders.

On the example below, the screen displays that the stock item is usually part of the stock list, but there is no onhand stock to sell to the customer.

The customer doesn't want to wait for an order to be placed or to be delivered sometime in the future. To keep the customer happy, the user can offer to buy the item from another company.

After sourcing for the item, the user can process the sales document and edit the existing item, to change it to a buyout item.

From the IQ main menu→ Processing → Invoice / Sales Order → Processing button → Select New

Capture all the items the customer want to buy as per normal.

For the item that must be bought, capture the Item code and enter to the desciprtion field. Right click on the item code and click on the Edit Buyout Item option and enter.

Once the Edit Buyout Item option is selected, the following screen will appear:
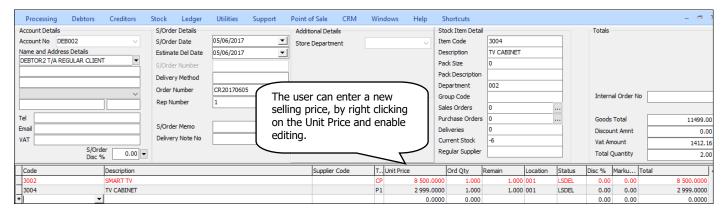

The Buyout Item Details screen allows the user to see the item details as on the system and lets the user capture the actual cost (the price you pay) and supplier information.

ITEM DETAILS

ITEM CODE	The Stock item code on the stock list.
ITEM DESCRIPTION	The description of the item.
RETAIL PRICE INCL	The Selling price (Vat incl) of the item as per the system.
LATEST COST	The latest cost of the item.
AVERAGE COST	The average cost of the item.
COST EXCL	The price the user will pay for the item when it is bought out, exclusive of VAT.
COST INCL	The price the user will pay for the item when it is bought out, VAT included.
MAJOR DEPARTMENT	The major Department this stock item should belong to. If the user has created a special major department for buyout items, the department can be changed.
MINOR DEPARTMENT	The minor department of the stock item.

BUYOUT DETAILS

APPROVED BY USER ID	The user ID of the person authorizing the buyout. The authorized user can be selected from the drop-down menu
COMMENT	If there are any comments to be added to the buyout item, it can be captured in this space.
DELIVERY COMMENT	If there are specific instructions regarding the delivery of the item, it can be captured in this field.
SOURCE DOCUMENT LINK	As soon as the sales document is processed, a purchase order for the buyout item is automatically created. The user has two options: • Create New Purchase Order • Add Line To Existing Purchase Order **NOTE**: Only one Buyout Item will be allowed on a Purchase order.
CHOOSE SUPPLIER	The user can select the supplier account to use for the purchase of the buyout item.
ORDER NUMBER	An Order Number is needed, to enable the user to follow up on the transaction.
SUPPLIER STOCK CODE	If the supplier has different codes for the item, the supplier stock code can ensure that the correct item is bought and delivered.

NOTE: The Buyout item is listed in red on the sales document and the other items are listed in black.
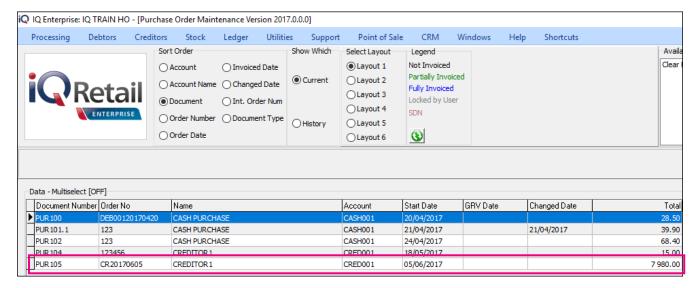
NOTE: Only one buyout is allowed per sales transaction.

As soon as the sales transaction is processed, a purchase order is automatically generated for the buyout item.
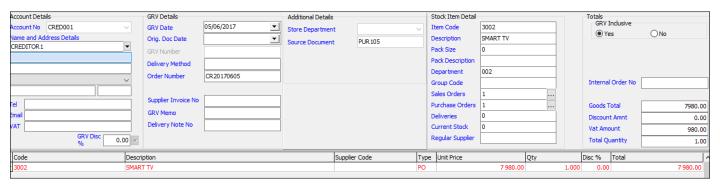
PURCHASE ORDER AUTOMATICALLY GENERATED

The purchase order was automatically generated, once the sales transaction (sales order or invoice) was completed.

The buyout item is listed in red on the purchase order and on the goods receiving voucher. Only one Buyout item will be allowed on a selected Purchase Order.

The user can now get the item from the supplier and process a goods receiving voucher (GRV).

Below is the General Ledger processed for the Buyout transaction.

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Ledger audit Tracking #98

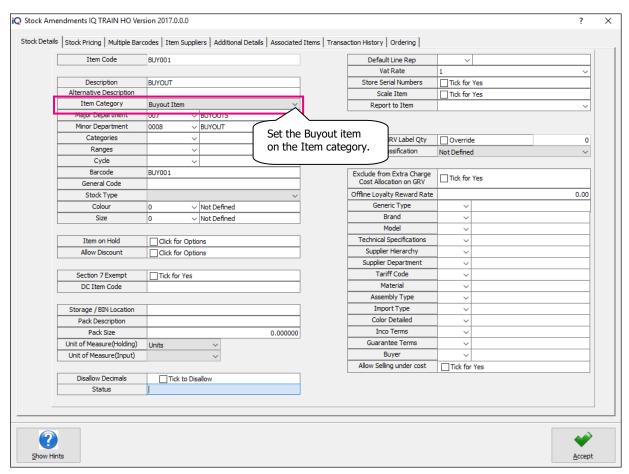| Account	Description	Date	Reference	Description	Debit	Credit
3500.000.000.00	Stock on Hand	05/06/2017	INV789456423797	CRED001 CREDITOR1	7 000.00	0.00
3800.000.000.00	Vat Input - Trade	05/06/2017	INV789456423797	CRED001 CREDITOR1	980.00	0.00
3500.000.000.00	Stock on Hand	05/06/2017	INV789456423797	Adjustment GRVINV7894564237	0.00	980.00
1000.000.000.00	Cost of Sales	05/06/2017	INV789456423797	Adjustment GRVINV7894564237	980.00	0.00
4000.000.000.00	Creditors Control	05/06/2017	INV789456423797	CRED001 CREDITOR1	0.00	7 980.00
					8 960.00	8 960.00

BUYOUT NON-STOCK ITEMS

Buyouts of non-stock items are done when the company doesn't usually carry the requested item in their stock list, but a customer wants the user to buy the item out from another company, to complete the sale.

EXAMPLE: The customer is buying a TV but the company doesn't sell surge protectors and the customer needs to buy one. The user will then buy the surge protector from another company, to complete the sale. In other words, the user will buy the needed item for the customer, instead of letting the customer leave the store and maybe lose the sale.

BUYOUT ITEM

One Buyout item can be created to be used as an item not listed as a stock item, but needs to be bought. This item code can be used for multiple transactions, as there is no cost or selling prices captured on the item. A buyout stock item works like a non-stock item, it doesn't display any onhand value and doesn't affect the company's stock value.
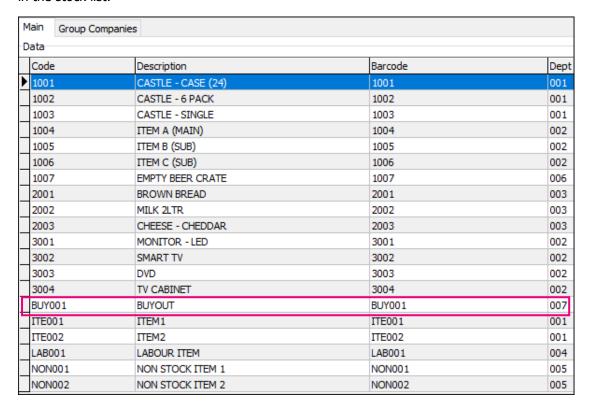
From the IQ main menu → Stock → Maintenance → Add.

IMPORTANT: Select the Item Category as Buyout Item.

PROCESSING USING NON-STOCK BUYOUTS

Using our example of buying a surge protection plug out for a customer; there are no surge protection plugs in the stock list.

Code	Description	Barcode	Dept
1001	CASTLE - CASE (24)	1001	001
1002	CASTLE - 6 PACK	1002	001
1003	CASTLE - SINGLE	1003	001
1004	ITEM A (MAIN)	1004	002
1005	ITEM B (SUB)	1005	002
1006	ITEM C (SUB)	1006	002
1007	EMPTY BEER CRATE	1007	006
2001	BROWN BREAD	2001	003
2002	MILK 2LTR	2002	003
2003	CHEESE - CHEDDAR	2003	003
3001	MONITOR - LED	3001	002
3002	SMART TV	3002	002
3003	DVD	3003	002
3004	TV CABINET	3004	002
BUY001	BUYOUT	BUY001	007
ITE001	ITEM1	ITE001	001
ITE002	ITEM2	ITE002	001
LAB001	LABOUR ITEM	LAB001	004
NON001	NON STOCK ITEM 1	NON001	005
NON002	NON STOCK ITEM 2	NON002	005

The non-stock item "Buyout" has been created on the stock list.

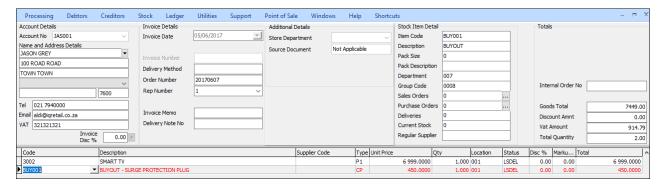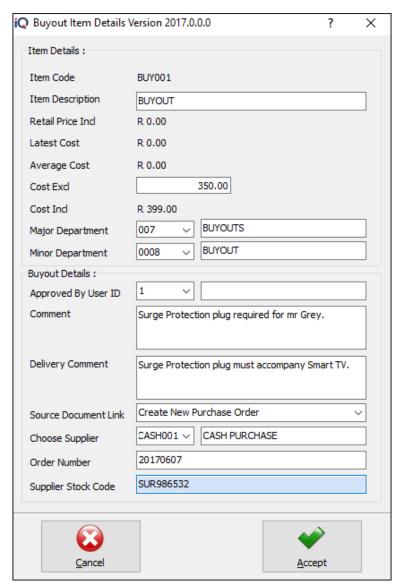**NOTE**: Please note that the method of using the Buyout item as a non-stock item, is the same for processing Sales Orders and invoices.

From the IQ main menu → Processing → Invoices / Sales Orders → Processing → New.

Select the Buyout item and enter. The user can edit the item description and change the information to what is needed. This edited description will then appear on the sales order and/or invoice and the purchase order.

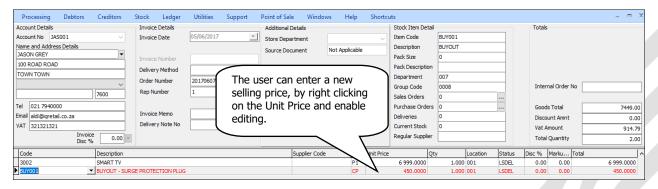Once the Buyout item is selected, the following screen will appear:

The Buyout Item Details screen allows the user to see the item details as on the system and lets the user capture the actual cost (the price you pay) and supplier information.

ITEM DETAILS

ITEM CODE	The Stock item code on the stock list.
ITEM DESCRIPTION	The description of the item.
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LATEST COST	The latest cost of the item.
AVERAGE COST	The average cost of the item.
COST EXCL	The price the user will pay for the item when it is bought out, exclusive of VAT.
COST INCL	The price the user will pay for the item when it is bought out, VAT included.
MAJOR DEPARTMENT	The Major Department this stock item should belong to. If the user has created a special major department for buyout items, the department can be changed.
MINOR DEPARTMENT	The Minor Department of the stock item.

BUYOUT DETAILS

APPROVED BY USER ID	The user ID of the person authorizing the buyout. The authorized user can be selected from the drop-down menu.
COMMENT	If there are any comments to be added to the buyout item, it can be captured in this space.
DELIVERY COMMENT	If there are specific instructions regarding the delivery of the item, it can be captured in this field.
SOURCE DOCUMENT LINK	As soon as the sales document is processed, a purchase order for the buyout item is automatically created. The user has two options: - Create New Purchase Order - Add Line To Existing Purchase Order **NOTE**: Only one Buyout Item will be allowed on a Purchase order.
CHOOSE SUPPLIER	The user can select the supplier account to use for the purchase of the buyout item.
ORDER NUMBER	An Order Number is needed, to enable the user to follow up on the transaction.
SUPPLIER STOCK CODE	If the supplier has different codes for the item, the supplier stock code can ensure that the correct item is bought and delivered.

NOTE: The Buyout item is listed in red on the sales document. All the other items are listed in black.

NOTE: Only one buyout is allowed per sales transaction.

As soon as the sales transaction is processed, a purchase order is automatically generated for the buyout item.

PURCHASE ORDER AUTOMATICALLY GENERATED

The purchase order was automatically generated, once the sales transaction (sales order or invoice) was completed.

The buyout item is listed in red on the purchase order and on the goods receiving voucher. Only one Buyout item will be allowed on a selected Purchase Order.

NOTE: The user can change the quantity on the purchase order, to order a bigger quantity than what was sold.

The user can now get the item from the supplier and process a goods receiving voucher (GRV).

Below is the General Ledger processed for the Buyout transaction.

IQ TRAIN HO		Date Printed :07/06/2017 16:38:26				Page No 1

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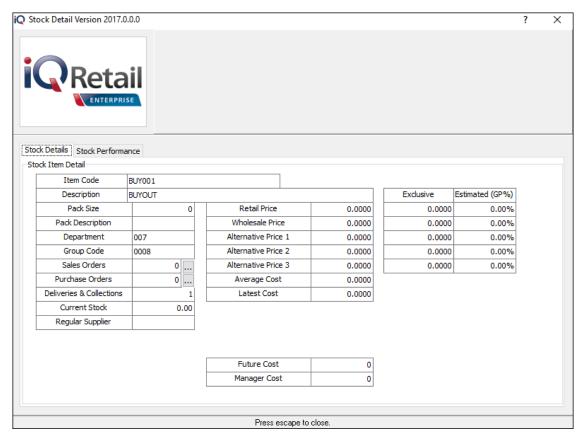| Account	Description	Date	Reference	Description	Debit	Credit
3500.000.000.00	Stock on Hand	07/06/2017	123456	CASH001 CASH PURCHASE	350.00	0.00
3800.000.000.00	Vat Input - Trade	07/06/2017	123456	CASH001 CASH PURCHASE	49.00	0.00
3500.000.000.00	Stock on Hand	07/06/2017	123456	Adjustment GRV 123456	0.00	49.00
1000.000.000.00	Cost of Sales	07/06/2017	123456	Adjustment GRV 123456	49.00	0.00
4000.000.000.00	Creditors Control	07/06/2017	123456	CASH001 CASH PURCHASE	0.00	399.00
4000.000.000.00	Creditors Control	07/06/2017	123456	CASH001 CASH PURCHASE	399.00	0.00
3700.000.000.00	Cash on Hand	07/06/2017	123456	CASH001 CASH PURCHASE	0.00	399.00
					847.00	847.00

When the user does a stock enquiry after the buyout transaction on the buyout item, all the quantities, prices and costs are still zero.

iQ Stock Detail Version 2017.0.0.0   ?   ✕

iQRetail
ENTERPRISE

Stock Details | Stock Performance

Stock Item Detail

Item Code	BUY001					
Description	BUYOUT			Exclusive	Estimated (GP%)	
Pack Size	0	Retail Price	0.0000	0.0000	0.00%	
Pack Description		Wholesale Price	0.0000	0.0000	0.00%	
Department	007	Alternative Price 1	0.0000	0.0000	0.00%	
Group Code	0008	Alternative Price 2	0.0000	0.0000	0.00%	
Sales Orders	0 ...	Alternative Price 3	0.0000	0.0000	0.00%	
Purchase Orders	0 ...	Average Cost	0.0000			
Deliveries & Collections	1	Latest Cost	0.0000			
Current Stock	0.00					
Regular Supplier						

Future Cost	0
Manager Cost	0

Press escape to close.

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