

## **Business Procedures and Records AG 470 J**

### **Unit Objective**

After completing this unit, the student should be able to demonstrate proper procedures for handling sales transactions using business technology and explain why the different business procedures and records are needed in agribusiness. They will be able to demonstrate the proper procedures for handling credit and identify the different types of insurance needed in agribusiness.

### **Specific Objectives and Competencies**

After completing this unit, students should be able to:

1. Describe why different business procedures and records are needed in an agribusiness.
2. Identify how to make customer transactions.
3. Prepare a sales receipt.
4. Identify the proper procedures for handling credit in an agribusiness.
5. Describe the basic elements of recordkeeping.
6. Identify types of insurance needed by agribusinesses.
7. Demonstrate the use of business technology such as a cash register, adding machine, electronic calculator, EDC machine, UPC input and scanners.

## **Business Procedures and Records Ag 470J**

### **1. DESCRIBE WHY DIFFERENT BUSINESS PROCEDURES AND RECORDS ARE NEEDED IN AN AGRIBUSINESS.**

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#### **Terms and Definitions**

##### **Business Procedures**

Are established ways of conducting business. All agribusiness employees perform some activities and procedures to ensure the smooth operation of the business.

##### **Business Records**

Are written statements of all transactions of an agribusiness that are kept to refer to when making decisions, preparing reports, and determining the overall status of the business operations.

##### **Credit**

A sum of money, goods or services granted to a borrower with agreement to repay the value amount within a certain time period.

##### **Exempt**

Free from a requirement, a responsibility or a liability to which others are subject to. For example, in agribusiness anything that is used in the production process is exempt from sales tax with some exceptions.

##### **Extension**

Is the amount listed in the last column of a sales slip that may indicate the unit price of a single item sold or the combined cost figured by multiplying the amount sold times the number of units sold.

##### **Inventory**

An itemized list of goods to be sold or kept for operating the business including their estimated value.

##### **Sales Slip (Ticket)**

A list of merchandise sold including the customer's name and address; quantity sold; unit cost and total cost; tax; and terms of the sale which may be used as a permanent record by the customer and the business.

##### **Terms of Sale**

The payment time frame and late payment penalties stated on a sales slip/ticket or invoice.

**AG 470 J**

**Questions for Discussion**

1. List some reasons why agribusinesses need business procedures and records.
2. Why are business procedures important?
3. What are some of the most common business procedures and describe them?
4. What other kinds of records are kept by agribusinesses and give a short description of each?
5. Why do agribusinesses need to keep good records?
6. What are some recordkeeping activities?

## AG 470 J

### Teacher Answer Sheet

### Answers to Questions for Discussion

1. List some reasons why agribusiness's need business procedures and records.

- Employee Productivity ⇒ A way to track the amount of work, time and the quality of employees' jobs
- Departmental Productivity ⇒ To analyze department records in determining their efficiency
- Financial Analysis ⇒ To keep financial records in order to know if they are making a profit or losing money
- Government and Industry Regulations ⇒ To ensure that information such as tax returns, etc. are available for governmental reporting
- Other Reasons ⇒ To know the status of inventory so they know when to order goods and supplies  
⇒ To help prevent errors  
⇒ To provide information to stockholders, owners and institutions  
⇒ For overall efficiency of the operation

2. Why are business procedures important?

The success or failure of an agribusiness is closely related to how its business procedures are carried out.

3. What are some of the most common business procedures and describe them?

- Handling Communications ⇒ Incoming and outgoing: telephone calls, email, written communications, discussions with customers, business colleagues, suppliers, governmental agencies, financial institutions, etc.  
⇒ Internal - exchanging information and face-to-face interaction with fellow employees
- Billing and Credit Collection ⇒ Setting procedures for accurate recording of transactions such as preparing sales receipts/tickets, extending credit, preparing statements and collecting money due the business
- Controlling Inventory and Merchandise ⇒ Maintaining accurate records of goods to be sold (merchandise) so that a supply is available to fill customer orders  
⇒ Keeping accurate records of goods or property owned by the agribusiness (inventory)

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Teacher Answer Sheet

**Answers to Questions for Discussion**

3. What are some of the most common business procedures and describe them?

- Keeping Records           ⇒The nature of the business determines the kinds of records that an agribusiness keeps. The four main areas are:
  - \*Production Records - purchases of raw materials; labor; maintaining machinery; quantity produced
  - \*Marketing Records - product sold, amount sold, salesperson who sold it; salaries and commissions; amount of products returned
  - \*Financial Records - Credit given and received; everything related to the economic status of a business
  - \*Personnel Records - Employee information compensation and taxes, benefits, length of service, performance reviews, personal data, qualifications
- Preparing Reports       ⇒Kinds of reports prepared by agribusinesses:
  - \*Financial Reports - balance sheets are used to show the financial status of a business (i.e., what they own and owe)
  - \*Production Reports - shows the amount productivity output compared to production costs
  - \*Marketing Reports - periodic reporting of sales and commissions
  - \*Personnel Reports - show employee head count
  - \*General Reports - usually an annual reporting of the overall status of the business (e.g., corporate reporting to the stockholders)
- Storing and Accessing Information   ⇒An important procedure, required by law, to keep business records and information easily accessible in physical filing systems and computer data systems

4. What other kinds of records are kept by agribusinesses and give a short description of each?

- Equipment and Supply Records       ⇒Equipment and supplies common to most agribusinesses include:
  - \*Equipment - cash registers; office and store furnishings; computers; vehicles; photocopiers
  - \*Supplies - business/transactions forms; pencils and pens, floppy diskettes; cleaning products; copier paper
- Tax and Insurance Records       ⇒Tax Records other than personnel records include:
  - unemployment, federal, state, and local income taxes; social security taxes
 ⇒Insurance Records - fire, automobile, theft and liability

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Teacher Answer Sheet

**Answers to Questions for Discussion**

5. Why do agribusinesses need to keep good records?

- To save time and money
- To know their cash balance
- To know customer account status
- To keep track of business debts
- To correctly file their taxes
- To assess their financial standing
- To help make business decisions

6. What are some recordkeeping activities?

Recordkeeping involves the handling of forms to gather, record and summarize information; checking and verifying computations for accuracy.

**Gathering Information:** information is provided to or secured by record technicians, accountants, or bookkeepers to handle payroll expenditures and taxes; to compile and summarize daily sales and purchases.

**Summarizing Information:** record technicians, accountants, or bookkeepers make financial information such as sales and purchases useful by grouping by types then putting them into a form so that profits or losses can be easily determined (information is summarized periodically).

**Reporting Information:** record technicians, accountants, or bookkeepers use these summaries to compile reports such as profit and loss statements, income and expense statements.

**Business Procedures and Records  
AG 470 J**

- 2. IDENTIFY HOW TO MAKE CUSTOMER TRANSACTIONS.**
  
- 3. PREPARE A SALES RECEIPT.**
  
- 4. IDENTIFY THE PROPER PROCEDURES FOR HANDLING CREDIT IN AN AGRIBUSINESS.**
  
- 5. DESCRIBE THE BASIC ELEMENTS OF RECORDKEEPING.**
  
- 6. IDENTIFY TYPES OF INSURANCE NEEDED BY AGRIBUSINESSES.**

## AG 470 J

<b>Teacher Information Sheet</b>
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<b>Customer Transactions: HANDLING SALES TRANSACTIONS</b>
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**Sales Slips (receipts/tickets)**

A sales slip is the first record of merchandise sold and of services rendered which provides a permanent record of each transaction and serves as the basis for the accounting system.

The information written on a sales slip provides:

- |               |                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| \$ Customers  | <input checked="" type="checkbox"/> a record of expenses for income tax reporting<br><input checked="" type="checkbox"/> proof of purchase when returning merchandise<br><input checked="" type="checkbox"/> a legal record in case of an account dispute                                                                                                                                            |
| \$ Businesses | <input checked="" type="checkbox"/> a legal agreement to pay a debt<br><input checked="" type="checkbox"/> information for inventory management<br><input checked="" type="checkbox"/> information for sales tax reporting<br><input checked="" type="checkbox"/> the needed information to update customer accounts<br><input checked="" type="checkbox"/> information to make a daily cash balance |

**Steps For Properly Completing A Sales Slip**

1. Write the correct date.
2. Write the customers/businesses' correct name, address, telephone number, and fax number (if applicable).
3. Give a complete description of each item sold or service rendered:
  - The quantity and unit sold should be written as one item, for example: 50lbs. or 20 gal.
  - A clear description of the *type* of merchandise being sold
  - Include the price per unit on all merchandise
  - Extensions must be mathematically accurate
4. Subtotal the extension.
5. Calculate the sales tax on all taxable items (if there are any) and enter it under the first total.
6. Calculate any service charges such as: delivery, grinding, mixing or shelling and enter them under the sales tax amount.
7. Add the extension column to obtain the total charges for the sale.

**AG 470 J**  
Teacher Information Sheet

**Customer Transactions: HANDLING SALES TRANSACTIONS**

**Steps For**

**Properly Completing A Sales Slip**

8. Mark the customer's method for payment.
9. Note any payment agreement made at the time of the sale that may differ from the calculated amount on the sales slip, for example: if paying by check, write the amount of the check on the face of the sales slip with the calculation of the charge to be given.
10. Have the customer sign the sales slip when not paying with cash.
11. A sales receipt must be made out when a customer pays on their account indicating what they are paying for.
12. Write VOID on the original copy of all sales slips that have been ruined by the employee then place that copy with the other slips.
13. The employee must initial the sales slip in the appropriate area.
14. Give the customer a copy of the sales slip.
15. File the original copy of the sales slip as the permanent record of sales and all other copies of the sales slip in their appropriate files.

**Properly Counting and Giving Change**

1. Repeat the amount of the sale and the amount of money the customer gives you
2. Place the money from the customer on the ledge of the cash register in case the customer questions the size of bill they gave you.
3. Count money three times for accuracy:
  - a. Count the money given by the customer to yourself
  - b. Count the change (to yourself) as you take it from the cash register to give to the customer
  - c. Count the change back to the customer making sure that they see each denomination
4. Begin counting from the sale amount up to the amount given by the customer. Use the least amount of coins and bills possible.

For example: Money from customer = \$30.00 Sale amount = \$25.50

Say: "Twenty-five fifty out of thirty."

Count back each coin: "Here is 50 cents to make twenty-six dollars."

Count back each bill: "Here is one, two, three and four dollars to make thirty."

**AG 470 J**

## Sales Tax

Every business is required to charge sales tax. The amount of sales tax for a particular state depends on how much is added at the local level. Both the city and the county may charge a tax.

In agriculture, anything that is used in the production process is exempt from sales tax with some exceptions:

### Exempt

- Grass seed for a pasture
- Agricultural machinery for production like: tractors, combines and haybines
- The way some items are used such as drain tile used in a field to increase crop production

### Exception

- Grass seed for a lawn
- Pieces of equipment such as storage devices and containers, hand-powered tools
- Accessories such as air conditioners
- Using the drain tile in a farrowing house for drains

### Figuring Sales Tax

- ☆ Total the customers bill
- 🕒 Use the tax table (see handout: Idaho Tax Table) to find the amount of tax due  
\*The amount of tax to charge is in the right column of each box
- 🕒 Add the amount of tax due to the subtotal to arrive at the total sales amount

Certified Sales Slip								
PHONE #				ADDRESS				
TERMS OF SALE								
CUSTOMER'S ORDER NO.			PHONE NO.			DATE		
SOLD TO								
ADDRESS								
CITY / STATE / ZIP CODE								
Sold by	Cash	COD	Charge	On Acct	Mdse Retd	Paid Out	Take	Deliver
Quantity	Description					Price	Amount	
1.								
2.								
3.						Tax	🕒	
							⊗	
4.	☆					Total	🕒	
							⊗	
Slip No.		<i>Thank You!</i>						

Received By

HO 470

**State of Idaho  
Sales and Use Tax Schedule - 5% Rate**

0.01 -- 0.11	0.00
0.12 -- 0.25	0.01
0.26 -- 0.45	0.02
0.46 -- 0.65	0.03
0.66 -- 0.85	0.04
0.86 -- 1.05	0.05
1.06 -- 1.25	0.06
1.26 -- 1.45	0.07
1.46 -- 1.65	0.08
1.66 -- 1.85	0.09
1.86 -- 2.05	0.10
2.06 -- 2.25	0.11
2.26 -- 2.45	0.12
2.46 -- 2.65	0.13
2.66 -- 2.85	0.14
2.86 -- 3.05	0.15
3.06 -- 3.25	0.16
3.26 -- 3.45	0.17
3.46 -- 3.65	0.18
3.66 -- 3.85	0.19
3.86 -- 4.05	0.20
4.06 -- 4.25	0.21
4.26 -- 4.45	0.22
4.46 -- 4.65	0.23
4.66 -- 4.85	0.24
4.86 -- 5.05	0.25
5.06 -- 5.25	0.26
5.26 -- 5.45	0.27
5.46 -- 5.65	0.28
5.66 -- 5.85	0.29
5.86 -- 6.05	0.30
6.06 -- 6.25	0.31
6.26 -- 6.45	0.32
6.46 -- 6.65	0.33
6.66 -- 6.85	0.34
6.86 -- 7.05	0.35
7.06 -- 7.25	0.36
7.26 -- 7.45	0.37
7.46 -- 7.65	0.38
7.66 -- 7.85	0.39
7.86 -- 8.05	0.40
8.06 -- 8.25	0.41
8.26 -- 8.45	0.42
8.46 -- 8.65	0.43
8.66 -- 8.85	0.44
8.86 -- 9.05	0.45

9.06 -- 9.25	0.46
9.26 -- 9.45	0.47
9.46 -- 9.65	0.48
9.66 -- 9.85	0.49
9.86 -- 10.05	0.50
10.06 -- 10.25	0.51
10.26 -- 10.45	0.52
10.46 -- 10.65	0.53
10.66 -- 10.85	0.54
10.86 -- 11.05	0.55
11.06 -- 11.25	0.56
11.26 -- 11.45	0.57
11.46 -- 11.65	0.58
11.66 -- 11.85	0.59
11.86 -- 12.05	0.60
12.06 -- 12.25	0.61
12.26 -- 12.45	0.62
12.46 -- 12.65	0.63
12.66 -- 12.85	0.64
12.86 -- 13.05	0.65
13.06 -- 13.25	0.66
13.26 -- 13.45	0.67
13.46 -- 13.65	0.68
13.66 -- 13.85	0.69
13.86 -- 14.05	0.70
14.06 -- 14.25	0.71
14.26 -- 14.45	0.72
14.46 -- 14.65	0.73
14.66 -- 14.85	0.74
14.86 -- 15.05	0.75
15.06 -- 15.25	0.76
15.26 -- 15.45	0.77
15.46 -- 15.65	0.78
15.66 -- 15.85	0.79
15.86 -- 16.05	0.80
16.06 -- 16.25	0.81
16.26 -- 16.45	0.82
16.46 -- 16.65	0.83
16.66 -- 16.85	0.84
16.86 -- 17.05	0.85
17.06 -- 17.25	0.86
17.26 -- 17.45	0.87
17.46 -- 17.65	0.88
17.66 -- 17.85	0.89
17.86 -- 18.05	0.90
18.06 -- 18.25	0.91

18.26 -- 18.45	0.92
18.46 -- 18.65	0.93
18.66 -- 18.85	0.94
18.86 -- 19.05	0.95
19.06 -- 19.25	0.96
19.26 -- 19.45	0.97
19.46 -- 19.65	0.98
19.66 -- 19.85	0.99
19.86 -- 20.05	1.00
20.06 -- 20.25	1.05
20.26 -- 20.45	1.02
20.46 -- 20.65	1.03
20.66 -- 20.85	1.04
20.86 -- 21.05	1.05
21.06 -- 21.25	1.06
21.26 -- 21.45	1.07
21.46 -- 21.65	1.08
21.66 -- 21.85	1.09
21.86 -- 22.05	1.10
22.06 -- 22.25	1.11
22.26 -- 22.45	1.12
22.46 -- 22.65	1.13
22.66 -- 22.85	1.14
22.86 -- 23.05	1.15
23.06 -- 23.25	1.16
23.26 -- 23.45	1.17
23.46 -- 23.65	1.18
23.66 -- 23.85	1.19
23.86 -- 24.05	1.20
24.06 -- 24.25	1.21
24.26 -- 24.45	1.22
24.46 -- 24.65	1.23
24.66 -- 24.85	1.24
24.86 -- 25.05	1.25
25.06 -- 20.25	1.26
25.26 -- 20.45	1.27
25.46 -- 25.65	1.28
25.66 -- 25.85	1.29
25.86 -- 26.05	1.30
26.06 -- 26.25	1.31
26.26 -- 26.45	1.32
26.46 -- 26.65	1.33
26.66 -- 26.85	1.34
26.86 -- 27.05	1.35
27.06 -- 27.25	1.36
27.26 -- 27.45	1.37
27.46 -- 27.65	1.38
27.66 -- 27.85	1.39
27.86 -- 21.05	1.40

28.06 -- 28.25	1.41
28.26 -- 28.45	1.42
28.46 -- 28.65	1.43
28.66 -- 28.85	1.44
28.86 -- 29.05	1.45

29.06 -- 29.25	1.46
29.26 -- 29.45	1.47
29.46 -- 29.65	1.48
29.66 -- 29.85	1.49
29.86 -- 30.05	1.50

30.06 -- 30.25	1.51
30.26 -- 30.45	1.52
30.46 -- 30.65	1.53
30.66 -- 30.85	1.54
30.86 -- 31.05	1.55

31.06 -- 31.25	1.56
31.26 -- 31.45	1.57
31.46 -- 31.65	1.58
31.66 -- 31.85	1.59
31.86 -- 32.05	1.60

32.06 -- 32.25	1.61
32.26 -- 32.45	1.62
32.46 -- 32.65	1.63
32.66 -- 32.85	1.64
32.86 -- 33.05	1.65

33.06 -- 33.25	1.66
33.26 -- 33.45	1.67
33.46 -- 33.65	1.68
33.66 -- 33.85	1.69
33.86 -- 34.05	1.70

34.06 -- 34.25	1.71
34.26 -- 34.45	1.72
34.46 -- 34.65	1.73
34.66 -- 34.85	1.74
34.86 -- 35.05	1.75

35.06 -- 35.25	1.76
35.26 -- 35.45	1.77
35.46 -- 35.65	1.78
35.66 -- 35.85	1.79
35.86 -- 36.05	1.80

36.06 -- 36.25	1.81
36.26 -- 36.45	1.82
36.46 -- 36.65	1.83
36.66 -- 36.85	1.84
36.86 -- 37.05	1.85

37.06 -- 37.25	1.86
37.26 -- 37.45	1.87
37.46 -- 37.65	1.88
37.66 -- 37.85	1.89
37.86 -- 38.05	1.90

38.06 -- 38.25	1.91
38.26 -- 38.45	1.92
38.46 -- 38.65	1.93
38.66 -- 38.85	1.94
38.86 -- 39.05	1.95

39.06 -- 39.25	1.96
39.26 -- 39.45	1.97
39.46 -- 39.65	1.98
39.66 -- 39.85	1.99
39.86 -- 40.05	2.00

40.06 -- 40.25	2.05
40.26 -- 40.45	2.02
40.46 -- 40.65	2.03
40.66 -- 40.85	2.04
40.86 -- 41.05	2.05
41.06 -- 41.25	2.06
41.26 -- 41.45	2.07
41.46 -- 41.65	2.08
41.66 -- 41.85	2.09
41.86 -- 42.05	2.10

42.06 -- 42.25	2.11
42.26 -- 42.45	2.12
42.46 -- 42.65	2.13
42.66 -- 42.85	2.14
42.86 -- 43.05	2.15

43.06 -- 43.25	2.16
43.26 -- 43.45	2.17
43.46 -- 43.65	2.18
43.66 -- 43.85	2.19
43.86 -- 44.05	2.20

44.06 -- 44.25	2.21
44.26 -- 44.45	2.22
44.46 -- 44.65	2.23
44.66 -- 44.85	2.24
44.86 -- 45.05	2.25

45.06 -- 40.25	2.26
45.26 -- 40.45	2.27
45.46 -- 45.65	2.28
45.66 -- 45.85	2.29
45.86 -- 46.05	2.30

46.06 -- 46.25	2.31
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46.26 -- 46.45	2.32
46.46 -- 46.65	2.33
46.66 -- 46.85	2.34
46.86 -- 47.05	2.35

47.06 -- 47.25	2.36
47.26 -- 47.45	2.37
47.46 -- 47.65	2.38
47.66 -- 47.85	2.39
47.86 -- 48.05	2.40

48.06 -- 48.25	2.41
48.26 -- 48.45	2.42
48.46 -- 48.65	2.43
48.66 -- 48.85	2.44
48.86 -- 49.05	2.45

49.06 -- 49.25	2.46
49.26 -- 49.45	2.47
49.46 -- 49.65	2.48
49.66 -- 49.85	2.49
49.86 -- 50.05	2.50

50.06 -- 50.25	2.55
50.26 -- 50.45	2.52
50.46 -- 50.65	2.53
50.66 -- 50.85	2.54
50.86 -- 51.05	2.55

51.06 -- 51.25	2.56
51.26 -- 51.45	2.57
51.46 -- 51.65	2.58
51.66 -- 51.85	2.59
51.86 -- 52.05	2.60

52.06 -- 52.25	2.61
52.26 -- 52.45	2.62
52.46 -- 52.65	2.63
52.66 -- 52.85	2.64
52.86 -- 53.05	2.65

53.06 -- 53.25	2.66
53.26 -- 53.45	2.67
53.46 -- 53.65	2.68
53.66 -- 53.85	2.69
53.86 -- 54.05	2.70

54.06 -- 54.25	2.71
54.26 -- 54.45	2.72
54.46 -- 54.65	2.73
54.66 -- 54.85	2.74
54.86 -- 55.05	2.75

## Teacher Information Sheet

**Customer Transactions: HANDLING SALES TRANSACTIONS****Properly Counting and Giving Change**

5. Place the money received from the customer in the cash drawer and close it.
6. If interrupted, it is best to count the change again.
7. Don't argue with the customer or accuse them of lying.
8. Give the receipt to the customer.
9. Any requests by the customer to exchange coins for bills and vice versa should be handled after the transaction to avoid any confusion.

**General Rules to Follow When Accepting or Cashing Checks**

Follow the store policy for handling check transactions.

*Note:* Cash two-party or personal checks according to store policy

- a) Make sure that the printed information is not altered and includes:  
customer/business name, address (local?), check number, account number
- b) Check the date making sure that it is not stale dated or post dated
- c) Verify that the written amount and figure amount are the same
- d) Ask for an identification (e.g., driver's license) and compare the signatures
- e) Have the customer initial next to any corrections they make on the check
- f) Make sure that the check is made payable to the appropriate company
- g) Check with the manager if there is a question about the check or if approval is required
- h) Initial the check
- i) Treat the check as a cash sale (if it is for the full amount of the order)
- j) Immediately endorse the check according to store procedure, and place in the cash register

**Handling Credit Card Transactions****Method**

 Using a standard imprint credit card machine (EDC) and carbon-copy bankcard sales slip

- Call for a sales authorization if:
  - The amount of the sale is greater than the credit card limit
  - The card number is on the stolen cards list
  - A telephone order exceeds the store limit amount
  - The person using the card is someone other than the card owner
- Check the expiration date on the card

**AG 470 J**  
Teacher Information Sheet

**Customer Transactions: HANDLING SALES TRANSACTIONS**

**Method**

-  Using a standard imprint credit card machine (EDC) and carbon-copy bankcard sales slip
- Write the authorization number given on the bankcard sales slip.
  - Complete the bankcard sales form: brief description of merchandise, all charges, and taxes then total the sales amount.
  - Imprint the bankcard sales slip in the imprint machine.
  - Write the authorization number given on the bankcard sales slip.
  - Have the customer sign the completed slip.
  - Give the customer their card and their copy of the bankcard slip.

**Method**

-  Using an electronic draft capture device with a standard imprint credit card machine (EDC).
- Ring up sales amount on the register.
  - Key the sales total on the device.
  - Write the authorization number from the device on to the bankcard sales slip.
  - Imprint the bankcard slip with the credit card.
  - Have the customer sign the bankcard slip, return their card to them and hand them their copy of the sales slip.

**Method**

-  Using an electronic draft capture device (which is attached to its own printer or to the cash register) that prints the bankcard transaction slip.
- Ring up the sales amount on the register (if the device is separate from the register, key the sale into the device).
  - Slide the bankcard slip through the slot in the device so that it can read the magnetic strip.
  - Print out the bankcard slip from the register when the sale clears or from the device's printer. Destroy any carbon copies of the sales slip so that it cannot be used illegally.

**AG 470 J**  
Teacher Information Sheet

**Customer Transactions: HANDLING SALES TRANSACTIONS**

**Making Customer Refunds**

Businesses make customer refunds for many reasons some of them happen because of:

- ☐ Merchandise returned by customers
- ☐ An overcharge made on the cash register at the time of the sale
- ☐ Billing errors
- ☐ A mistake was made when filling out a sales slip

Procedure for handling customer refunds

- ☐ Know the store policy, most businesses require:
  - The original sales receipt
  - Returns made within a specific time frame
  - Credit given on charge sales
  - Refunds to be made by a designated department
  - Signed documentation of the refund to be kept on file
  
- ☐ Follow the store policy:
  - Count money back on cash refunds including sales tax on the returned item
  - Exchange the merchandise and collect more money if the exchanged item cost more and refund money if the item cost less
  - Refunds on charge sales: complete a credit slip on charges made with their store credit card or bank card; or provide them with a credit slip for future purchases.
  
- ☐ Use good customer relations skills
  - Be courteous
  - Prompt
  - Accurate
  
- ☐ Notify management of merchandise returned because of damage

## Preparing Sales Slips with Discounts

Some businesses give discounts on their sales. There are four main types of discounts that an agribusiness may give:

Cash Discount

Is given if the customer paid with cash at the time they picked up their merchandise or when it was delivered

Quantity Discount

Is given when a large volume of merchandise is purchased in one sale  
a large volume = merchandise bought in barrels, drums, tons of feed

Bulk Discount

Is given when merchandise is bought in bulk such as a truckload of corn seed instead of buying individual sacks

Early Season Discount

When merchandise is purchased before the season in which it will be used

### Figuring Discounts

Certified Sales Slip								
PHONE #			ADDRESS					
TERMS OF SALE								
CUSTOMER'S ORDER NO.			PHONE NO.			DATE		
SOLD TO								
ADDRESS								
CITY / STATE / ZIP CODE								
Sold by	Cash	COD	Charge	On Acct	Mdse Retd	Paid Out	Take	Deliver
Quantity	Description					Price	Amount	
1. 20	50# Bags Fertilizer					4.50	90 : 00	
2. 10	Tons Grass Seed					176.00	1760 : 00	
3.	Less early season discount \$3/ton						- 30 : 00	
4.	Less tonnage discount \$4/ton						<u>- 40 : 00</u>	
5.							1690 : 00	
6.	Less 2% cash discount \$ 33.80					Subtotal	1656 : 20	
7.						Tax 5%	82 : 81	
8.						Total	1739 : 01	
Slip No.		<i>Thank You!</i> Received By						

Certified <b>Sales Slip</b> PHONE #								
								ADDRESS
TERMS OF SALE								
CUSTOMER'S ORDER NO.			PHONE NO.			DATE		
SOLD TO								
ADDRESS								
CITY / STATE / ZIP CODE								
Sold by	Cash	COD	Charge	On Acct	Mdse Retd	Paid Out	Take	Deliver
Quantity	Description					Price	Amount	
1.								
2.								
3.								
4.								
5.								
6.						Tax		
7.						Total		
Slip No.		<i>Thank You!</i> Received By						

# Completed Sales Slip

Certified <b>Sales Slip</b> PHONE#								
ADDRESS								
TERMS OF SALE								
CUSTOMER'S ORDER NO.			PHONE#			DATE		
SOLD TO								
ADDRESS								
CITY/ STATE/ ZIP CODE								
Sold by	Cash	COB	Charge	On Acct	Make Retd	Paid Out	Take	Deliver
Quantity	Description					Price	Amount	
1. X	Bales of twine					00.00	000	00
2.	Less discount @\$.50/bale						- 0	00
3.							000	00
4. X	30 ct. Blank Tags					00.00	00	00
5.	Check		\$ 000.00					
6.	Purchase		000.00		Tax			
7.	Change		00.00		Total			
Slip No.		<i>Thank You!</i> Received By						

**Customer Name & Address**

**Clerk's Initials**

**Quantity**

**Description of Items Sold**

**Payment Transaction**

**Customer Signature**

**Grand Total**

**Correct Date**

**Unit Price**

**Amount of Discount**

**Subtotal**

**Extension**

**Sales Tax**

**AG 470 J**

**4. IDENTIFY THE PROPER PROCEDURES FOR HANDLING CREDIT IN AN AGRIBUSINESS.**

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This objective can be found in

**AG 460-G**

*Agribusiness Management and Marketing*

Unit: Agricultural Credit

**AG 470 J**

**5. DESCRIBE THE BASIC ELEMENTS OF RECORDKEEPING.**

This objective can be found in

**AG 460-H**

*Agribusiness Management and Marketing*

Unit: Agricultural Records

&

**AG 660-G**

*Agribusiness Management and Marketing*

Unit: Agricultural Credit

(Pages 660G 17-21 #XVII-XXIII, 660G 34-39)

**AG 470 J**

**6. IDENTIFY TYPES OF INSURANCE NEEDED BY AGRIBUSINESSES.**

This objective can be found in

**AG 460-M**

*Agribusiness Management and Marketing*

Unit: Insurance

## AG 470 J

**7. Demonstrate the Use of Business Technology.****Cash Registers and Point of Sale Systems**

**Cash Register:** is a machine with components designed to calculate sales transactions while tracking the date and time of a transaction and prints a sales receipt to document purchases and tax.

**Computerized Cash Register:** ♦ Equipped with scanners to read bar codes  
(Point-of-Sale System) ♦ Have visual displays of per-item costs, tax, and totals  
♦ Sales information directed to a central accounting base  
♦ Sales information directed to inventory control systems

**Procedures for operating the cash register in an agribusiness:****⇒ Check the daily cash balance**

Beginning of the day:	+ Cash and checks on hand
During the day:	+ Cash and checks taken in + Cash and checks taken out cash paid out and bank deposits made
End of the day	<hr/> = The new cash balance

**⇒ Set-up the cash register**

- Count the cash on hand
- Change the date
- Make sure you have enough tape on the register
- Unlock the cash register
- Count the cash balance at the end of the day

**⇒ General procedures required by agribusinesses**

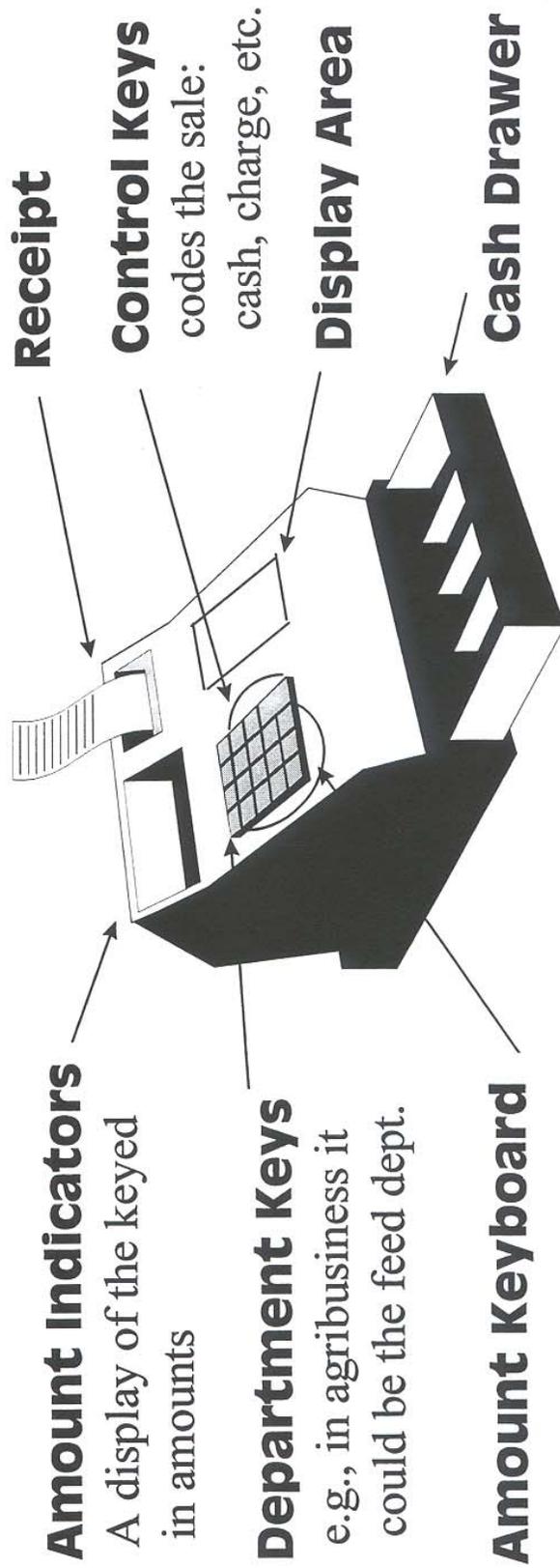
- Keep a limited amount of money in the cash drawer
- Follow the procedures for depositing money when your limit has been reached
- When giving someone change only, press the **change balance key** to open the drawer
- Use the correct procedures for making change and taking checks
- Many items in agriculture may be nontaxable ☒ *remember not* to hit the taxable key
- It is best to leave the empty cash drawer open at night, in case of a burglar, that way
- there would be no reason for them to break open the register

**⇒ Operating the cash register.** (see: handout)

# Operating a Cash Register

\* Check cash on hand      \* Set the date and time      \* Unlock the machine

1. Press keys in their proper order
  2. Key in taxable and nontaxable items
  3. Follow the procedure for accurately handling keying errors
  4. Ring up the sale
5. Follow the procedures for giving customer's their change  
\*press the "amount tendered" key  
\*press the "change balance" key



**AG 470 J****Student Activities****Running Business Machines**

Arrange to have the students spend time in the business machine skills classroom so they can practice using the machines. Have them complete the exercises on the assignment sheets using the various machines. Create other story problems for the students to solve using a calculator

**Job Shadowing**

Have students form into teams of two and have them schedule an appointment to job shadow at an agricultural sales business (perhaps spend 2-3 hours on site). They are to give the agribusiness, in advance, a list of general questions about their business procedures. Their notes should include information on the nature of the business, the types of transactions handled, general business procedures, the type of business machines they use and how they are operated. Each team is to write a report and give a class presentation on their findings.

**Bookkeeping Project**

Have the students set up and run a small sales project, for example, a bake sale or a car wash. They are to set up a basic bookkeeping system to keep record of their transactions and are to include (have them duplicate samples of forms for their use):

- Sales slips
- Bankcard transaction forms
- Checkbook (and check registers)
- Bank statement
- Refund slips
- Journals & Ledgers
- Play money

**AG 470 J****Assignment Sheet****Operating an Electronic Calculator Using the Touch Method**

Note to Instructor: Refer to the operator's manual for calculators available to the class to be used as a guideline in teaching the following exercises.

**Procedure:**

- ✓ Clear your work space
  - ✓ Place the materials you will be working from to the left of the calculator
  - ✓ Carefully read the directions before beginning the calculations
  - ✓ Turn on the calculator
  - ✓ Set the decimal selector to the proper setting
  - ✓ Place your fingers in the home row position  
FYI: The small raised dot (on the #5) is to help you stay oriented to the home row keys
  - ✓ Keep your fingers oriented on the home row keys
  - ✓ Practice striking every number keeping your fingers in line as they move either up or down.
  - ✓ Practice striking the "0" key with your thumb
  - ✓ Use your pinkie finger to practice striking the operational keys (right of the numeric keypad)  
they include: plus (+), minus(-), subtotal, total keys
  - ✓ Practice using the operational keys with your pinkie finger
  - ✓ Practice using the operational keys (left of the keyboard) like the C/CE key (pressing once clears the entry, pressing twice clears everything).
  - ✓ Practice using the multiplication and division keys with your index finger.  
(Press the = key to the left of the keyboard *not* the one to the right of the keyboard, to get a total from multiplication or division.)
  - ✓ Practice using the percent key with your index finger.
- \***Remember** that the functions on a calculator vary, so refer to the operating manual.

**AG 470 J**  
Assignment Sheet

## Operating an Electronic Calculator Using the Touch Method

### Complete the Following Problems

Use calculators with a roll tape then submit the tapes for each type of mathematical calculation problem (i.e., addition, subtraction, etc.), write your name on them, date the tape (if the calculator has a date function), and turn them in to the instructor.

### Addition

Practice using the 4, 5 and 6 keys on the home row:

A. 564 446 645 <u>546</u>	B. 455 565 456 <u>444</u>	C. 656 666 464 <u>446</u>
------------------------------------	------------------------------------	------------------------------------

Practice using the home row 4, 5, 6 and the top row 7, 8, and 9:

A. 744 576 879 <u>655</u>	B. 479 565 944 <u>789</u>	C. 555 879 658 <u>765</u>
------------------------------------	------------------------------------	------------------------------------

Practice using the home row 4, 5, 6, the bottom row 1, 2, 3, and the "0" key:

A. 124 233 112 <u>201</u>	B. 600 451 322 <u>115</u>	C. 530 104 455 <u>616</u>
------------------------------------	------------------------------------	------------------------------------

Practice using all the rows:

A. 536 478 903 <u>214</u>	B. 689 901 314 <u>768</u>	C. 414 200 608 <u>976</u>
------------------------------------	------------------------------------	------------------------------------

**Complete the Following Problems****Add and Subtract Dollars and Cents**

Practice adding dollars and cents:

$$\begin{array}{r} \text{A.} \quad .79 \\ \quad .59 \\ \quad 2.39 \\ \quad 1.49 \\ \underline{\quad .49} \end{array}$$

$$\begin{array}{r} \text{B.} \quad 2.00 \\ \quad 3.50 \\ \quad 2.95 \\ \quad 6.49 \\ \underline{\quad 3.69} \end{array}$$

$$\begin{array}{r} \text{C.} \quad 12.95 \\ \quad 19.95 \\ \quad 12.00 \\ \quad 4.99 \\ \underline{\quad 6.49} \end{array}$$

$$\begin{array}{r} \text{D.} \quad 119.00 \\ \quad 239.00 \\ \quad 99.99 \\ \quad 69.50 \\ \underline{\quad 16.95} \end{array}$$

$$\begin{array}{r} \text{E.} \quad 12.15 \\ \quad 34.10 \\ \quad 24.75 \\ \quad 3.18 \\ \underline{\quad 117.65} \end{array}$$

$$\begin{array}{r} \text{F.} \quad 13,432.95 \\ \quad 7,119.00 \\ \quad 239.00 \\ \quad 458.00 \\ \underline{\quad 15.50} \end{array}$$

Practice subtracting dollars and cents:

$$\begin{array}{r} \text{A.} \quad 36.86 \\ \underline{- 17.32} \end{array}$$

$$\begin{array}{r} \text{B.} \quad 6,893.98 \\ \underline{- 468.66} \end{array}$$

$$\begin{array}{r} \text{C.} \quad 86,357.73 \\ \underline{- 9,432.51} \end{array}$$

$$\begin{array}{r} \text{D.} \quad 747.44 \\ \underline{- 374.77} \end{array}$$

$$\begin{array}{r} \text{E.} \quad 22,222.22 \\ \underline{- 13,491.33} \end{array}$$

$$\begin{array}{r} \text{F.} \quad 138,499.18 \\ \underline{- 17,643.61} \end{array}$$

**Multiplication and Division**

Practice multiplying:

$$\begin{array}{r} \text{A.} \quad 10 \\ \quad \times 7 \\ \hline \end{array}$$

$$\begin{array}{r} \text{B.} \quad 350 \\ \quad \times 15 \\ \hline \end{array}$$

$$\begin{array}{r} \text{C.} \quad 1.25 \\ \quad \times 25 \\ \hline \end{array}$$

$$\begin{array}{r} \text{D.} \quad 2.69 \\ \quad \times 10 \\ \hline \end{array}$$

$$\begin{array}{r} \text{E.} \quad 19.95 \\ \quad \times 6 \\ \hline \end{array}$$

$$\begin{array}{r} \text{F.} \quad 680 \\ \quad \times .4 \\ \hline \end{array}$$

$$\begin{array}{r} \text{G.} \quad 749 \\ \quad \times .20 \\ \hline \end{array}$$

$$\begin{array}{r} \text{H.} \quad 1,119.75 \\ \quad \times 4 \\ \hline \end{array}$$

Practice dividing:

A.  $125 \div 5 =$

B.  $650 \div 8 =$

C.  $1,495 \div 5 =$

D.  $6,738 \div 16 =$

E.  $466 \div 7 =$

F.  $3,333 \div 3 =$

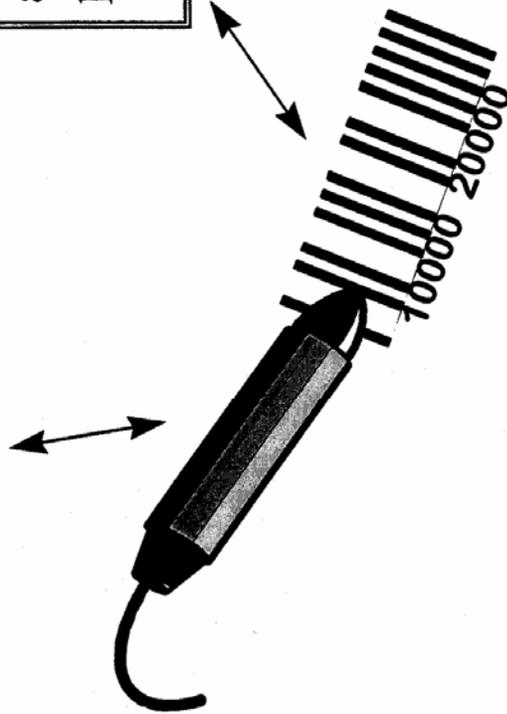
G.  $15.5 \div 5 =$

H.  $46,577 \div 5 =$

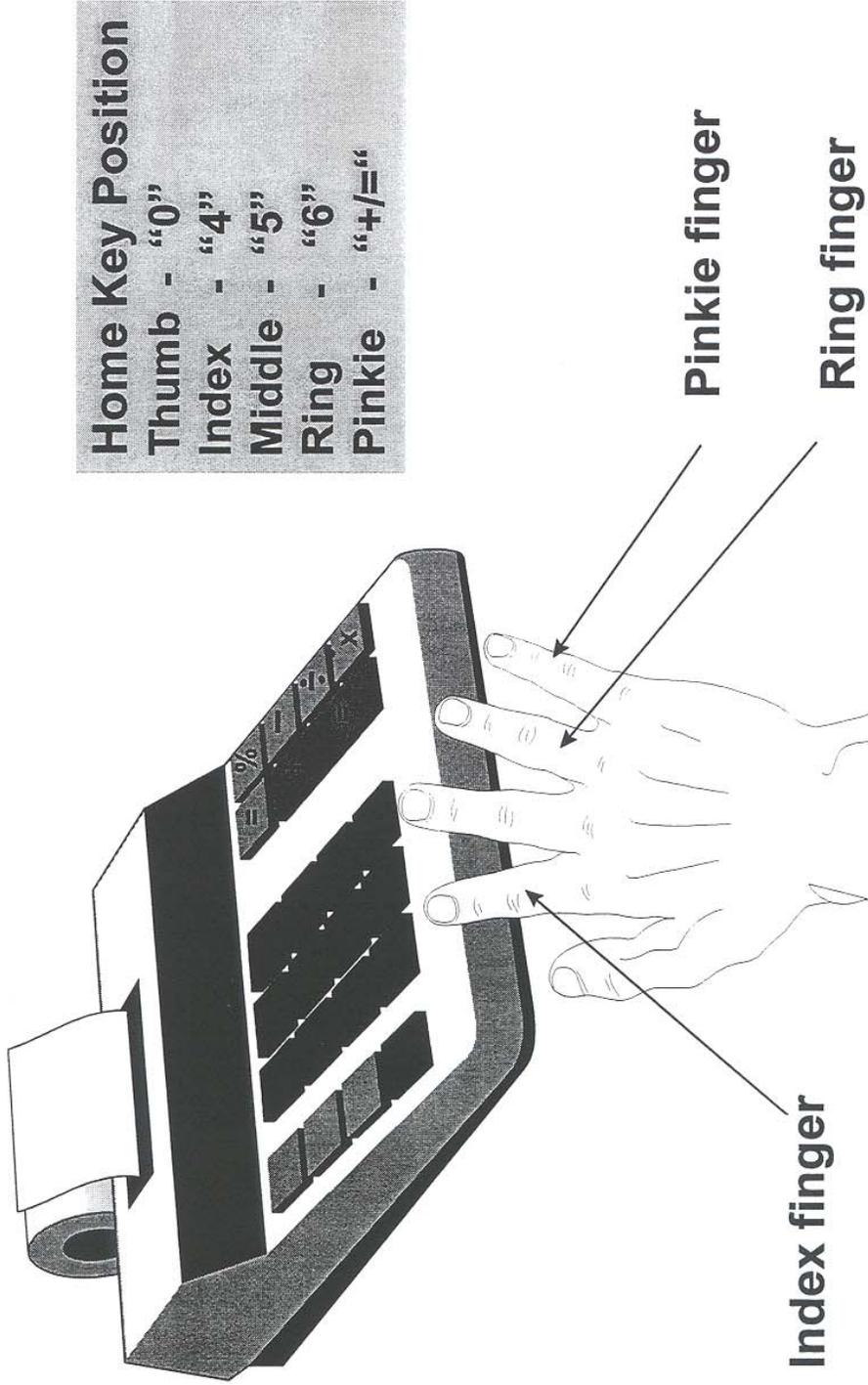
# Scanners and Bar Codes

**Scanner**  
A counter-top or hand-held instrument that reads bar codes.

**Bar Code**  
UPC (Universal Product Code)  
Printed symbols made up of bars and spaces (of different thicknesses) that represent a set of numbers to identify a product, the manufacturer, and the price when read by a proper scanner.



# Using the Touch Method

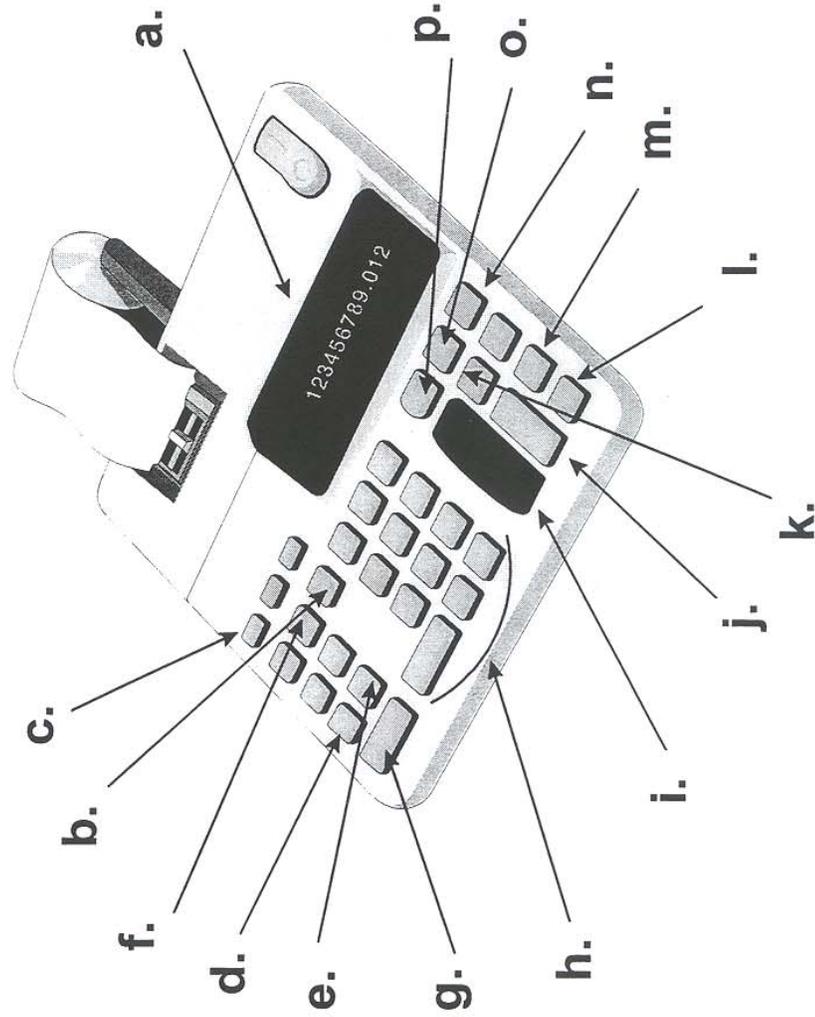


This technique promotes speed and accuracy when using number-key systems like calculators, cash registers and computer keyboards.

# The Electronic Calculator

A device used for performing mathematical calculations electronically.

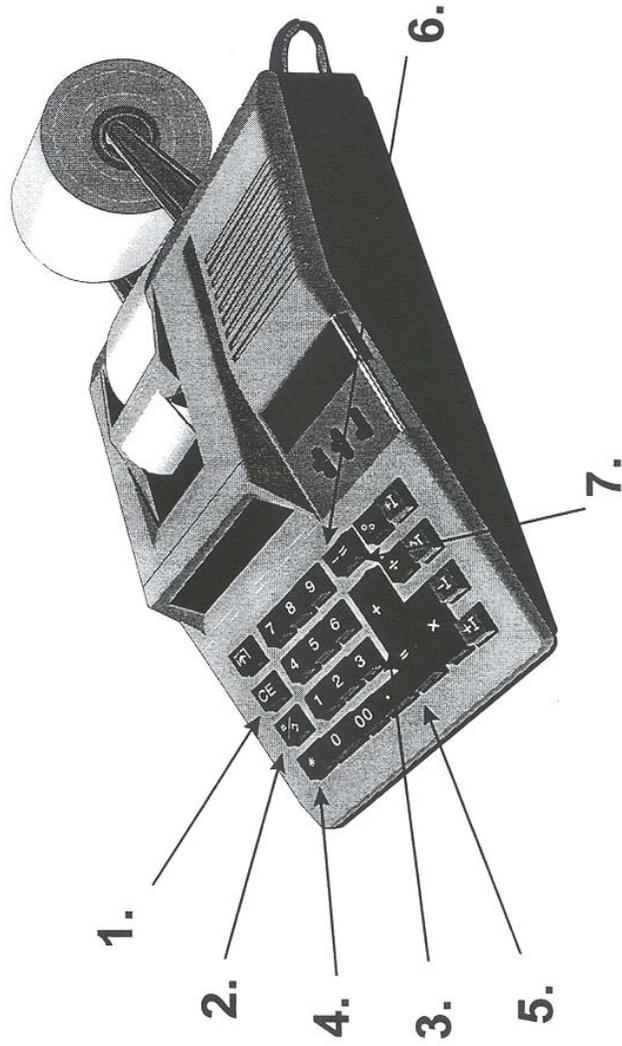
- a. Display
- b. Clear Error Key
- c. On/Off Switch
- d. Memory+
- e. Memory-
- f. Clear Key
- g. Decimal Key
- h. Number Keys
- i. Addition Key
- j. Total Key
- k. Subtotal Key
- l. Multiplication Key
- m. Subtraction Key
- n. Percentage Key
- o. Division Key
- p. Number/Date Key



# The Adding Machine

A mechanical ten-key device used to make numerical calculations.

1. Correction (clear) Key
2. Non-add Key
3. Plus Bar
4. Repeat Key
5. Subtotal Key
6. Total Key
7. Subtraction (minus) Key



## **Unit J References**

### **Resources Used in Developing Unit J**

Lee, D. W. and Lee, J. S. (Ed.). (1980). *Agribusiness Procedures and Records*.  
Mississippi: McGraw-Hill.

Curriculum Guide for Agricultural Science and Technology 460-Agricultural Management and Marketing and 660-Consumer Economics/Agricultural Business and Economics. Idaho State Division of Vocational Education.

### **Other Resources to Supplement Unit J**

Ragan, R. C. and Iqgal, M. Z. (1985). *Financial Recordkeeping for Smal Stores*.  
Washington D. C.: U. S. Small Business Administration.

Wood, G. (1988). *Ag Executive Business Manager*. Missouri: Doane Information Services.

### **Handouts**

Sales Tax HO 470 J-2.

State of Idaho Tax Schedule HO 470 J-2a.

Preparing Sales Slips with Discounts HO 470 J-2b.

Operating a Cash Register HO 470 J-7.

Using the Touch Method HO 470 J-7a.

### **Transparencies**

Completed Sales Slip TM 470 J-3.

The Adding Machine TM 470 J-7.

The Electronic Calculator TM 470 J-7a.

Using the Touch Method TM 470 J-7b.

Scanners and Bar Codes TM 470 J-c.

## Ag 470 - J: Business Procedures and Records Unit Test

### True or False

- \_\_\_ 1. Monitoring employee productivity is a way to track the quality and quantity of an employee's work.
- \_\_\_ 2. One reason why agribusiness' need business procedures and records is to keep financial records in order to know if they are making a profit r losing money.
- \_\_\_ 3. The success or failure of an agribusiness is not determined by the effectiveness of its business procedures.
- \_\_\_ 4. A sales slip is optional when handling sales transactions.
- \_\_\_ 5. Checks should not be endorsed until they are taken to the business' financial institution.

### Multiple Choice

6. Setting procedures for accurate recording of transactions is referred to as
- billing and credit collection.
  - communications.
  - departmental productivity.
  - financial analysis.
7. Agribusinesses need to keep good records because
- it saves time and money.
  - it is the law.
  - it helps assess their financial standing.
  - both a and c.
8. The first record of merchandise sold and of services rendered is called the
- terms of sale.
  - sales slip.
  - business record.
  - none of the above
9. Gathering, summarizing, and reporting information are
- sales transactions.
  - sales slips.
  - proper record keeping activities.
  - not proper record keeping activities.

10. Services charges can include such things as

- a. delivery.
- b. grinding.
- c. mixing.
- d. all of the above.

**Matching**

\_\_\_ 11. Tax and insurance

\_\_\_ 12. Business procedures

\_\_\_ 13. Inventory

\_\_\_ 14. Handling communications

\_\_\_ 15. Business records

\_\_\_ 16. Being courteous, prompt, and accurate

\_\_\_ 17. Terms of sale

\_\_\_ 18. Extension

\_\_\_ 19. Exempt

\_\_\_ 20. Credit

- A. Established ways of conducting business
- B. Written statements of all transactions kept to refer to when making decisions
- C. A sum of money, goods or services granted to a borrower with an agreement to repay the amount
- D. Free from requirement, a responsibility or a liability to which others are subjected to.
- E. The amount listed in the last column of a sales slip that may indicate the unit price of a single item sold
- F. An itemized list of goods to be sold or kept for operation the business including their estimated value
- G. The payment time frame and late payment penalties stated on a sales slip/ticket or invoice
- H. One of the most common business procedures
- I. Good customer relation skills
- J. Records other than personnel records including unemployment and social security

**Ag 470 - J: Business Procedures and Records**  
**Unit Test**  
**Answer Key**

**True or False**

- T   1. Monitoring employee productivity is a way to track the quality and quantity of an employee's work.
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**Matching**

  **J**   11. Tax and insurance

  **A**   12. Business procedures

  **F**   13. Inventory

  **H**   14. Handling communications

  **B**   15. Business records

  **I**   16. Being courteous, prompt, and accurate

  **G**   17. Terms of sale

  **E**   18. Extension

  **D**   19. Exempt

  **C**   20. Credit

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K.