



ACCOUNTING POS PAYROLL CRM HOSPITALITY ERP MOBILE ECOMMERCE BI

BUYOUTS

INTRODUCTION

The Buyout function enables the user to buy the required stock item from a competitor or alternative supplier and sell it to the customer. The 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).

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
- Quotes

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 on-hand available (or not enough) 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 uses the buyout item repeatedly for buying and selling.

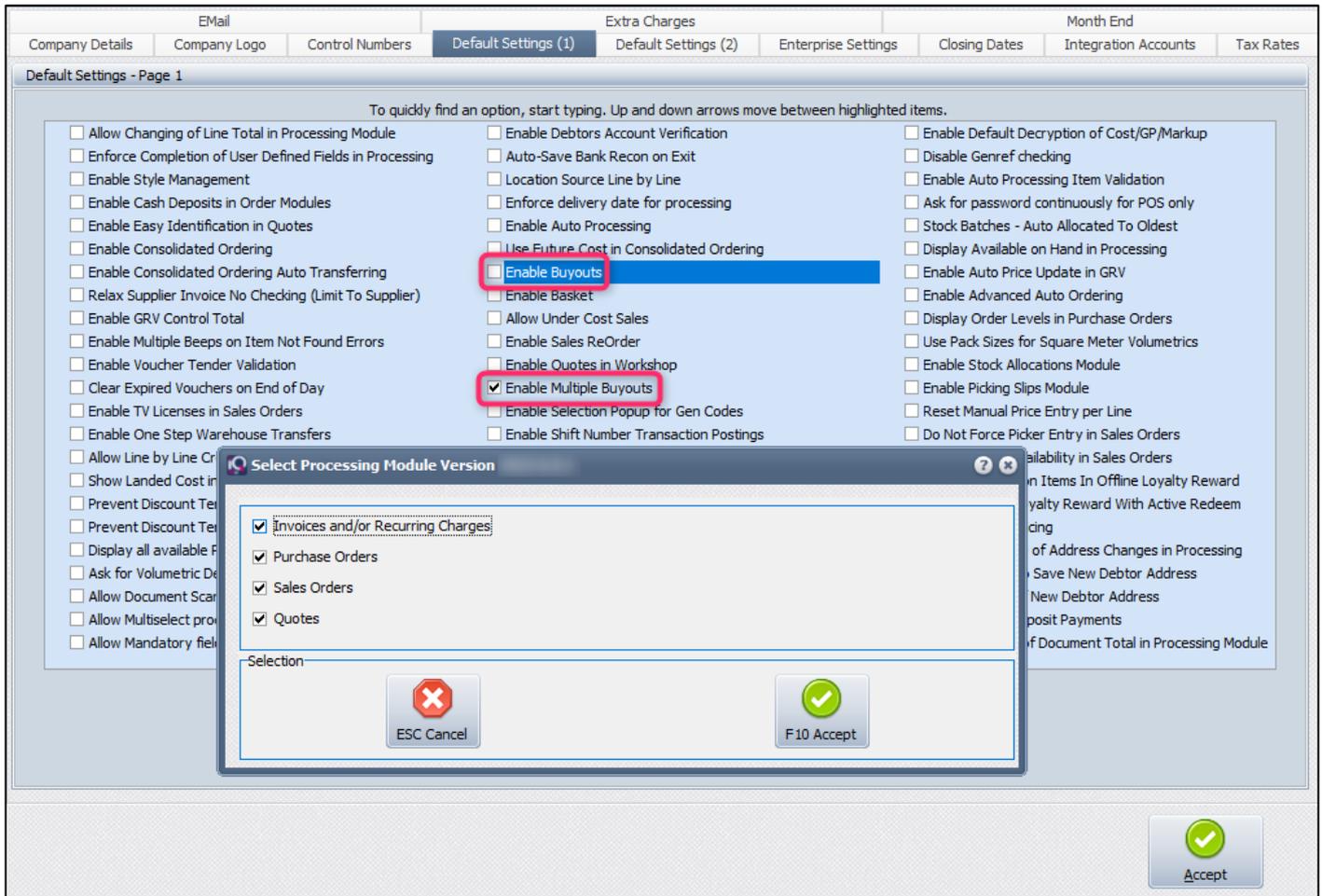
NOTE: It is suggested that the user create a specific Creditor / Supplier account for item buyouts. This supplier account can then be used for all buyout items, instead of creating many supplier accounts for companies not regularly used for buying stock items.



SETUP

Buyouts must be enabled in the Company details.

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



Select “Enable Buyouts” for all the required modules, and if you require multiple buyouts on the same document also select “Enable Multiple Buyouts”, 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
- Quotes



BUYOUT EXISTING STOCK ITEMS

Buyout of existing stock items is done when the company usually carries the stock item, but doesn't have enough stock on-hand to fulfil the sale. Authorised personnel must phone other companies (possibly competing companies) or suppliers 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 cost levels of the item in any way.

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 not enough on-hand quantities available for the sale. 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 EXISTING STOCK ITEMS

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

In the example below, the screen displays the stock item (Sand Bag) with an on-hand of 50 but the customer would like to buy 55.

The customer doesn't want to wait for an order to be placed or to be delivered by our usual supplier sometime in the future. So instead of losing the whole sale we can sell the 50 we have and buyout the 5 we are short from a different supplier or even a competitor.

Code	Description	Barcode	Main Supplier	Onhand
APP001	Appletiser	APP001	ABC001	0.00
CEM001	Cement	CEM001	ABC001	0.00
CRE001	Cream Soda Can	CRE001	ABC001	0.00
GRA001	Grapetiser	GRA001	ABC001	0.00
SAN001	Sand Bag	SAN001	ABC001	50.00

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

In our example we will be doing an Invoice but you can start with a Sales Order, and once the buyout item arrives on site you can convert the Sales Order to an Invoice.

From the IQ main menu → Processing → Invoice

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

In our example the first line of our invoice (1) is for the 50 Sand Bags we have in stock. The second line (2) is for the 5 we need to buyout. For line two, type the item code (3) and press TAB to move to the next field then right click back on the item code (3) and you will see the "Edit Buyout Item" option (4).

Code	Description
SAN001	Sand Bag
* SAN001	Sand Bag

1
2
3
4

Edit Buyout Item

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



Item Details :	
Item Code	SAN001
Item Description	SAND BAG - BUYOUT
Retail Price Incl	R 130.00
Latest Cost	R 85.00
Average Cost	R 85.00
Cost Excl	100.00
Cost Incl	R 115.00
Major Department	001 Coke
Minor Department	0001 Soft Drinks
Buyout Details :	
Source Document Link	Create New Purchase Order
Choose Supplier	DDD001 DDD Distributors
Supplier Stock Code	SAND1001
Delivery Comment	
Comment	not enough on hand
Order Number	DDD1
Approved By User ID	1

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. You can add to this like we did with "Buyout"
RETAIL PRICE INCL	The Selling price (Vat incl) of the item as per the system.
LATEST COST	The latest cost of the item as per the system.
AVERAGE COST	The average cost of the item as per the system.
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 belongs to.
MINOR DEPARTMENT	The minor department of the stock item.

BUYOUT DETAILS



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: <ul style="list-style-type: none"> • Create New Purchase Order • Add Line To Existing Purchase Order
CHOOSE SUPPLIER	The user can select the supplier account to use for the purchase of the buyout item. Either an existing alternative supplier or a specially created Buyout creditor used for all buyouts not done from existing suppliers.
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.
DELIVERY COMMENT	If there are specific instructions regarding the delivery of the item, it can be captured in this field.
COMMENT	If there are any comments to be added to the buyout item, it can be captured in this space.
ORDER NUMBER	An Order Number is needed, to enable the user to follow up on the transaction.
APPROVED BY USER ID	The user ID of the person authorizing the buyout. The authorized user can be selected from the drop-down menu

The screenshot shows a software interface with several panels: Account Details, Invoice Details, Additional Details, Stock Item Detail, and Totals. A callout box points to the 'Unit Price' column in a table, stating: "The user can enter a new selling price, by right clicking on the Unit Price and enable editing." The table below shows two rows: one for 'SAN001 Sand Bag' with a unit price of 130.00, and another for 'SAN001 SAND BAG - BUYOUT' with a unit price of 0.00. The buyout item is highlighted in red.

Code	Description	Type	Unit Price	Qty	Disc %	GP	Markup	Total
SAN001	Sand Bag	P1	130.00	50.00	0.00	24.81	32.99	6 500.00
SAN001	SAND BAG - BUYOUT	P1	0.00	0.00	0.00	11.94	13.94	0.00

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

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

Document Number	Order No	Name	Account	Start Date	GRV Date	Changed Date	Total	Total Processed
PLR1	0001	000 Distributors	000001	18/07/2023			575.00	0.00



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.

The user can now get the item from the supplier and process a goods receiving voucher (GRV) where the buyout item will also be listed in red.

Below you will see that the buyout transactions did not affect the on-hand or the cost levels of the stock item. The only GRV affecting the cost levels is the very first one for the 50 and not the buyout one for 5.

Supplier	Price (Excl)	Cost	Quantity
1	0.00	85.00	0.00
2	0.00	85.00	0.00
3	0.00	85.00	0.00
4	0.00	85.00	0.00
5 ABC001	85.00	85.00	0.00
ABC001	85.00	AVERAGE 0.00	0.00



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 wall mounting brackets and the customer needs to buy one. The user will then buy the wall mounting bracket 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 of the TV.

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 on-hand value and doesn't affect the company's stock value.

From the IQ main menu → Stock → Maintenance → Add.

The screenshot displays the 'Add Item' form in the IQ system. The 'Item Information' section is highlighted, showing the 'Item Code' as BUY001, 'Description' as BUYOUT, and 'Barcode' as BUY001. The 'Item Category' dropdown is set to 'Buyout Item', which is circled in red. Other sections include 'Item Specifications', 'Item Settings', 'Item Price Settings', and 'Item Status Settings'. The 'Item Settings' section has several checkboxes: 'Disallow Decimals' (checked), 'Section 7 Exempt' (unchecked), 'ABC Classification' (Not Defined), 'Override GRV Label Qty' (unchecked), 'Exclude from Extra Charge Cost Allocation on GRV' (unchecked), and 'Ignore "Quantity Change" Security Override' (unchecked). The 'Item Price Settings' section has 'Allow Selling under cost' (unchecked), 'Allow Selling Into Negative' (unchecked), and 'Allow Discount' (unchecked). The 'Item Status Settings' section has 'Item on Hold' (unchecked) and 'Set Dormant (Days)' (0). The 'Volumetrics' section shows 'Unit of Measure(Holding)' as Units and 'Unit of Measure(Input)' as empty. The 'Load / Storage Dimensions' section shows Weight, Length, Width, and Height all set to 0.000.

IMPORTANT: Select the Item Category as Buyout Item.



Make sure you do not set a Sell Price for the item as these values will differ from buyout to buyout.

Stock Details | **Stock Pricing** | Multiple Barcodes | Item Suppliers | Additional Details | Associated Items | Stock Movement | Ordering

Setup of Stock Selling Prices

Prices Type	Exclusive	Inclusive	Markup %	G.P. %	Markup % (Latest Cost)	G.P. % (Latest Cost)	Markup % (Future Cost)	G.P. % (Future Cost)
Retail Price	0.0000	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Wholesale Price	0.0000	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Alternative Price 1	0.0000	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Alternative Price 2	0.0000	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Alternative Price 3	0.0000	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Alternative Price 4	0.0000	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Alternative Price 5	0.0000	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Alternative Price 6	0.0000	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Alternative Price 7	0.0000	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Alternative Price 8	0.0000	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Recommended Retail Based On :

*** Recommended G.P. % Not Assigned**

Cost Level	Value	Method	Value
Cost Level 1	0.00	Average Cost	0.00
Cost Level 2	0.00	Latest Cost	0.00
Cost Level 3	0.00	Base Cost	0.00
Cost Level 4	0.00	Future Cost	0.00
Cost Level 5	0.00	Previous Cost	0.00
		Manager Cost	0.00

Pricing

Recommended GP%

Price Variant Group

Future Cost

Cost as % of sellprice

Use Fixed Cost Tick for Yes

PROCESSING USING NON-STOCK BUYOUTS

Using our example of buying a wall mounting bracket for a customer: We do not have wall mounting brackets in our stock list, but in order to make the sale of the TV we will source the wall mounting bracket for them.

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

Code	Description	Barcode	Dept	Onhand
APP001	Appletiser	APP001	001	0.00
BUY001	BUYOUT	BUY001	010	0.00
CEM001	Cement	CEM001	002	0.00
CRE001	Cream Soda Can	CRE001	001	0.00
GRA001	Grapetiser	GRA001	001	0.00
SAN001	Sand Bag	SAN001	001	0.00
STV001	Smart TV 55"	STV001	005	2.00

NOTE: Please note that the method of using Buyouts as a non-stock item, is the same for Invoices and Sales Orders.

In our example we will be doing an Invoice but you can start with a Sales Order, and once the buyout item arrives on site you can convert the Sales Order to an Invoice.



From the IQ main menu → Processing → Invoices

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

Item Details :

Item Code	BUY001	
Item Description	BUYOUT - WALL MOUNT FOR TV	
Retail Price Incl	R 0.00	
Latest Cost	R 0.00	
Average Cost	R 0.00	
Cost Excl		500.00
Cost Incl	R 575.00	
Major Department	010	Non Stock - Periodic
Minor Department		

Buyout Details :

Source Document Link	Create New Purchase Order	
Choose Supplier	XYZ001	XYZ Resellers
Supplier Stock Code	WMB55	
Delivery Comment	Deliver it with the TV	
Comment	Wall mounted TV bracket for TV	
Order Number	XYZ1001	
Approved By User ID	1	



Cancel



Accept

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, exclusive of VAT) and supplier information.

ITEM DETAILS

ITEM CODE	The Stock item code on the stock list.
ITEM DESCRIPTION	The description of the item. You can add to this like we did with "Wall Mount for TV"
RETAIL PRICE INCL	The Selling price (Vat incl) of the item as per the system.
LATEST COST	The latest cost of the item as per the system.
AVERAGE COST	The average cost of the item as per the system.

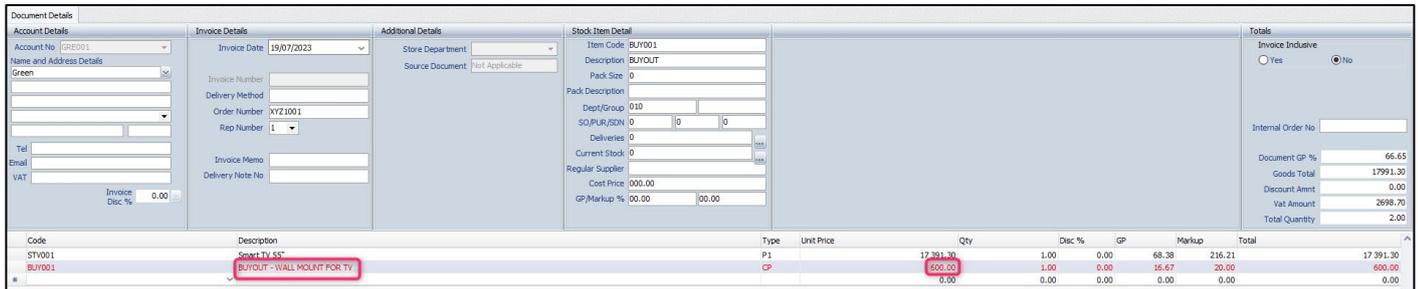


COST EXCL	The price the user will pay for the item when it is bought out, exclusive of VAT.
COST INCL	The price the user will pay for the item when it is bought out, VAT included.
MAJOR DEPARTMENT	The major Department this stock item belongs to.
MINOR DEPARTMENT	The minor department of the stock item.

BUYOUT DETAILS

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: <ul style="list-style-type: none"> • Create New Purchase Order • Add Line To Existing Purchase Order
CHOOSE SUPPLIER	The user can select the supplier account to use for the purchase of the buyout item. Either an existing alternative supplier or a specially created Buyout creditor used for all buyouts not done from existing suppliers.
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.
DELIVERY COMMENT	If there are specific instructions regarding the delivery of the item, it can be captured in this field.
COMMENT	If there are any comments to be added to the buyout item, it can be captured in this space.
ORDER NUMBER	An Order Number is needed, to enable the user to follow up on the transaction.
APPROVED BY USER ID	The user ID of the person authorizing the buyout. The authorized user can be selected from the drop-down menu

Below you can see our amended description and our added price (what we are charging the customer). Since the price of this stock item is zero in the system you can just type the new price in when you get to the Unit Price field. If you need to change the price you can just right click it and Enable Editing then enter a new price.



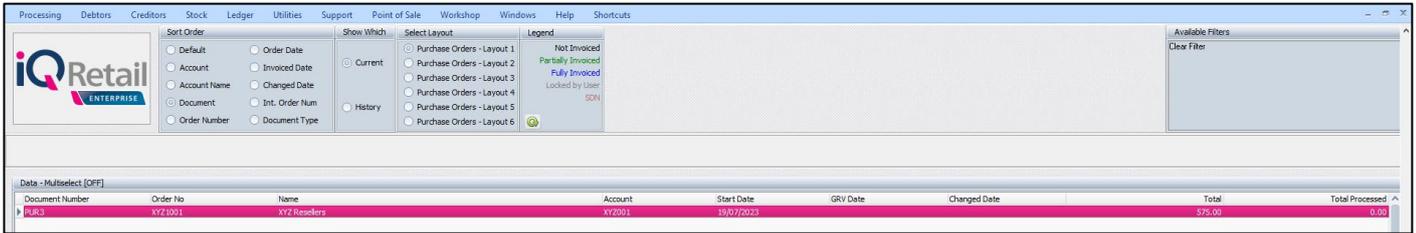
NOTE: The Buyout item is listed in red on the sales document. All the other items are listed in black.

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



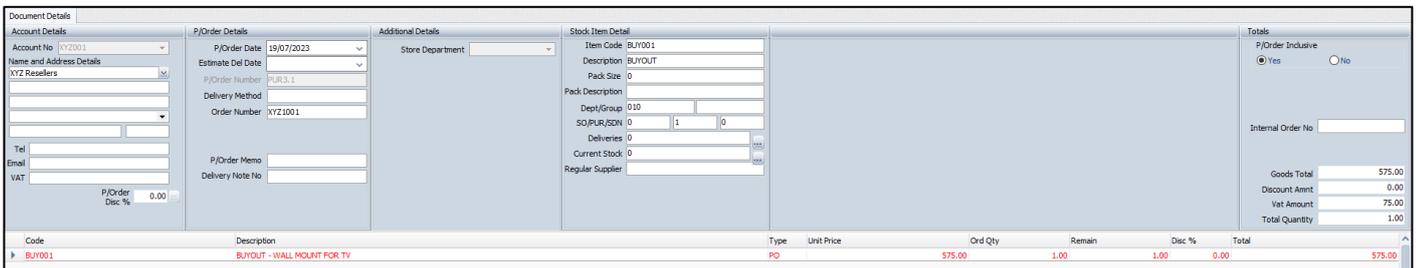
PURCHASE ORDER AUTOMATICALLY GENERATED

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.

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).



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

The screenshot displays a software interface for stock enquiry. At the top, there are tabs for 'Info', 'Stock Pricing', 'Image', 'Long Description', 'Stock Suppliers', and 'Associated Items'. The main area contains several input fields for item details, including 'Item Code' (BUY001), 'Description' (BUYOUT), and 'Department' (010). A 'Details' table is visible, showing transactions for 19/07/2023. A 'FIFO Cost Levels & Regular Suppliers' window is open, showing a table with columns for 'Supplier', 'Price (Exd)', 'Cost', and 'Quantity'. Red boxes highlight zero values in the 'On Hand' column of the 'Details' table and the 'Price (Exd)', 'Cost', and 'Quantity' columns of the 'FIFO Cost Levels' table.

Date	TCode	Reference	Order Number	Creditor	GLAudit	Rep	User	Cost	Profit	Amount	Quantity	On Hand
19/07/2023	IN	INV1	XYZ1001			6	1	500.00	100.00	600.00	1.0000	0
19/07/2023	PU	XYZINV3	XYZ1001	XYZ001		7	1	0.00	0.00	500.00	1.0000	0

Supplier	Price (Exd)	Cost	Quantity
1	0.00	0.00	0.00
2	0.00	0.00	0.00
3	0.00	0.00	0.00
4	0.00	0.00	0.00
5	0.00	0.00	0.00
	0.00 AVERAGE	0.00	0.00

--- End of document ---