

Second term Business Studies E-Lesson Note

SUBJECT: BUSINESS STUDIES

CLASS: JSS 2

WEEK TOPIC

1. Insurance –Definition, Types and Benefits of Insurance
2. Personal Qualities of an Entrepreneur
3. Business Opportunities-Meaning and Types
4. Consumer Right- Meaning of Consumer rights, Origin of Consumerism, Eight universal consumer right and identifying ways and manners of consumer right on the country at large
5. Responsibilities of a Consumer
6. Shopping Tips-Meaning of needs and wants, making decision about needs and wants, improve buying of needs and wants, After sales services: warranty ,installation, etc
7. Book Keeping-Ethics, Transparency, accountability and Probity. Meaning and Needs for TAP and Attributes of TAP
8. Ledger Entries-Meaning of Ledger and Items in the Ledger,
9. Petty Cash book- Meaning and Columns in a Petty Cash book, Imprest System and Reimbursement
10. Cash Book- Meaning , Types of Cash book
11. & 12 Revision/ Examination

REFERENCE

WABP Junior Secondary Business Studies 2 by Egbe Ehiametalor et'al.

WEEK ONE

TOPIC: INSURANCE.

CONTENT

- Definition
- Services
- Types of policies-vehicle, fire, burglary, marine and life insurance.

NOTE:

Insurance is a legal contract that protects people from the financial costs that result from loss of life, loss of health, lawsuits, or property damage. Insurance provides a means for individuals and societies to cope with some of the risks faced in everyday life. People purchase contracts of insurance, called *policies*, from a variety of insurance organizations.

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Insurance makes up part of the broader financial services industry. Almost everyone living in modern, industrialized countries buys insurance. For instance, laws in most states require people who own a car to buy insurance before driving it on public roads. Lenders require anyone who finances the purchase of a home or car with borrowed money to insure that property. Business partners take out life insurance on each other to make sure the business will succeed even if one of the partners dies.

IMPORTANCE OF INSURANCE

Insurance benefits society by allowing individuals to share the risks faced by many people. But it also serves many other important economic and societal functions. Because insurance is available and affordable, banks can make loans with the assurance that the loan's *collateral* (property that can be taken as payment if a loan goes unpaid) is covered against damage. This increased availability of credit helps people buy homes and cars. Insurance also provides the capital that communities need to quickly rebuild and recover economically from natural disasters, such as tornadoes or hurricanes.

Insurance itself has become a significant economic force in most industrialized countries. Employers buy insurance to cover their employees against work-related injuries and health problems. Businesses also insure their property, including technology used in production, against damage and theft. Because it makes business operations safer, insurance encourages businesses to make economic transactions, which benefits the economies of countries. In addition, millions of people work for insurance companies and related businesses.

EVALUATION

1. Define insurance
- 2.
3. What are the importance of insurance?

TYPES OF INSURANCE POLICIES

VEHICLE INSURANCE: Automobile insurance protects against damage to a policyholder's car and most liabilities that could arise from operating that car. Most U.S. states allow drivers to satisfy their financial responsibility for the costs of auto accidents by obtaining insurance in three categories of liability coverage: (1) for injury to any one person, (2) for injury to two or more people, and (3) for damage to another person's property. An increasing number of states are requiring drivers to obtain auto insurance by law.

Fire Insurance, insurance obtained by owners of homes and commercial properties to provide reimbursement in case of losses resulting from fire. Such insurance is supplied in exchange for the payment of a premium.

Some business firms, however, are self-insurers; that is, they set aside funds to be used exclusively for indemnifying losses resulting from fire.

In fire insurance the premium rates are of two kinds: class rates and schedule rates. Dwellings are largely class rated; that is, they are grouped into fairly homogeneous categories according to the type of occupancy, type of construction, and type of community fire protection. A uniform rate is applied to all risks in the same category. Commercial and industrial properties, which vary greatly in respect to degree of hazard, are usually schedule rated. In schedule rating the individual physical characteristics of each risk are appraised according to a schedule of charges

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and credits. The elements considered in the rating include occupancy, construction, internal protection, community fire protection, and exposure from neighbouring buildings.

BUGLARY INSURANCE: Residence burglary and outside theft insurance, offering the broadest coverage ever obtainable in this line, has proved very attractive in the past year. Its popularity is expected to continue despite an expected premium rate increase soon after the first of the year. The broad form money and securities policy also gained considerable favor and is serving a useful purpose.

Marine Insurance. insurance that generally applies to the risk associated with the transportation of goods. Over time, marine insurance has become a mixture of broad property coverages, divided between land risks (inland marine) and sea risks (ocean marine). Inland marine insurance covers domestic risks associated with some element of transportation. It has been broadened to include perils incidental to transportation of property and now deals mostly with personal and commercial property of a mobile nature. Its most familiar form is the personal articles “floater,” which offers an opportunity to insure many valuables, such as jewellery, furs, silverware, and fine arts, in a single policy. Ocean marine insurance is broken into three basic types: hull (involving loss or damage to the ship); cargo (involving loss or damage to cargoes); and protection and indemnity (involving liability of ship-owners to others).

Hull insurance affords protection to owners of all types of ships for loss or damage to their waterborne property. Typical perils insured against are stranding, sinking, fire, and collision. The hull policy offers an unusual coverage under its collision clause, which provides liability insurance for loss or damage to the other vessel involved in a collision, as well as to its cargo. Cargo insurance is available for shippers of goods moving by sea or air in international trade. The terms of insurance can be specific (for example, loss or damage resulting from sinking or fire) or “all risk” and can be underwritten for a single transaction (special policy) or on an open-ended contract (open cargo policy) for the international trader. The open cargo policy is the most common form used and usually covers the cargo “warehouse to warehouse,” thus including exposure to those risks that are associated with land transportation as well. When a ship is imperilled at sea because of fire, storm, or other danger, all efforts must be made to keep the ship afloat. Such efforts often cause damage to portions of the ship or cargo. To prevent inequity, each owner assumes a share of the property damaged or lost as a result of actions taken to save the ship. This method of apportioning losses is known as general averaging.

Evaluation

1. List 3 types of insurance and explain 2
2. What is ocean marine?

Life assurance: Life assurance, assumption by an insuring organization of the risk of death of a policyholder. Unlike loss in insurance on property, loss in life assurance is certain to occur and is total. The element of uncertainty is when death will occur. Mortality is subject to the laws of probability, however, and life-assurance premiums can be calculated from mortality tables, which indicate the average number of people in each age and gender group that will die each year. A person trained to make such calculations, known as an actuary, determines the amount of premiums to be collected yearly from each group in order for the principal (the premiums) and its earned interest to equal the benefits to be paid to the policyholders' beneficiaries. The principal payment required annually constitutes the net premium. A loading charge to cover

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company expenses and contingencies is added to the net premium, yielding the total, or gross premium, which the insured pays.

Types of life insurance: Life assurance may be classified in a variety of ways. A classification depending primarily on the manner in which the premium is collected comprises regular ordinary, debit, and group life insurance.

Regular ordinary insurance can be further classified into

1. Whole life
2. Limited-payment life
3. Endowment and term.

Debit life insurance can be classified into debit ordinary and industrial. Life insurance may also be classified as participating and nonparticipating, depending on whether or not the policyholder shares in the savings or the profits of the insurer.

Evaluation

1. What is life assurance
2. Write a short note on the types of life insurance

PENSION: It is a sum of money paid regularly to a person who no longer works because of age or a length of year of service. It is a regular payment made to a person on retirement for the remainder of his or her life. Such money is meant to sustain such an individual.

HEALTH: National health scheme insurance is a contributory health insurance scheme meant for providing medical attention to the contributors which include individual, employee and the government

BENEFITS OF INSURANCE:

1. It provides protection for business assets and personal properties against risks of accident, flood, fire, burglary and theft.
2. The insured receives compensation in the event of loss or damage.
3. The families or dependants of the assured receive income or economic security after his death.
4. It can serve as a security for loans from the bank.
5. Funds accumulated by the insurance firms are made available to the capital market for long term investment.

READING ASSIGNMENT

Macmillan JSS 2 Business Studies by Awoyokun A.A et'al pg 37-43.
Essential economics

GENERAL EVALUATION

1. Define a typewriter.
2. Mention four ways a typewriter can be taken care of.
3. Mention three areas that cannot be covered by insurance.
4. Define insurance.
5. Mention five uses of a typewriter.

Weekend assignment

1. Cargo insurance is a division of _____ insurance (a- marine (b- life (c- burglary (d- assurance.

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2. The following risks are insurance except (a) robbery (b) fire disaster (c) sudden death (d) loss of profit due to intense competition.
3. One of the following is the reason for taking an insurance cover.(a) To pay children's (b)To receive compensation for a loss suffered (c) To avoid loss of life and properties (d) To increase production of goods and services.
4. ----- is the money paid regularly to those who no longer work for length of years of service. (a) Pension (b) compensation (c) premium (d) indemnity.
5. Insurance is (a) a contract (b) an agreement (c) comfort (d) disagreement.
6. One of these is not an insurance policy (a) fire insurance (b) marine insurance (c) theft insurance (d) trade insurance.

THEORY

1. Mention four benefits of insurance
- 2 .Explain the types of insurance policies.

WEEK TWO

TOPIC: PERSONAL QUALITIES OF AN ENTREPRENEUR

CONTENT

- Personal qualities of an entrepreneur.
- Importance of an entrepreneur.

An entrepreneur: This is defined as the factor of production that coordinates other factors of production in order to produce goods and services. The entrepreneur bears risks and takes major decision of the business.

He risks his capital in setting up the business with the aim of making profit.

In summary, an entrepreneur is the person who coordinates, control and organizes production processes in order to make maximum output. The reward for an entrepreneur is profit.

Qualities of an entrepreneur

1. **Risk bearing:** He takes risks for the outcome of his capital investment whether good or bad.
2. **Organisation:** He organizes other factors of production for the production of goods and services.
3. **Decision making:** He takes major decision concerning production.
4. **Control other factors:** He has absolute control over other factors of production.

Evaluation

1. Who is an entrepreneur?.
2. Mention two qualities of an entrepreneur.

READING ASSIGNMENT

Essential Economics for SS by C.E Ande pg 36-37.

Importance of an entrepreneur:

- 1 .He decides on what to produce,quantity, what to supply, at what price etc.
2. He provides physical cash, motor vehicle, buildings ,plant and machinery.
3. He makes sure he has qualified workers and assign duties to them.
4. Efficient management.

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EVALUATION

Mention three importance of an entrepreneur

READING ASSIGNMENT

Essential Economics for SS by C.E.Ande pg 36-37.

GENERAL EVALUATION

1. What is the reward of an entrepreneur?
2. Mention other factors of production and their rewards.
3. Write out the first six consonants of shorthand.
4. Mention three features of public limited liability company.
5. What are the sources of capital to sole proprietor?

WEEKEND ASSIGNMENT

1. The factor of production which coordinates other factors is ---- (a) land (b) labour (c) capital (d) entrepreneur.
2. The reward for an entrepreneur is ----- (a) rent (b) salary (c) profit (d) loss.
3. One of these is not a risk faced by an entrepreneur (a) fire (b) bad weather (c) low demand for goods (d) stealing.
4. One of the following is not a quality of an entrepreneur (a) Organisation (b) Receiving instruction (c) decision making (d) Risk bearing.
5. ----- provides capital for business operation. (a) An accountant (b) A receptionist (c) An entrepreneur (d) A cleaner.

THEORY

1. Who is an entrepreneur?
2. Mention three qualities of an entrepreneur.

WEEK THREE

TOPIC: BUSINESS OPPORTUNITY CONTENT

- Meaning
- Types (local, national and international).

Business Opportunity refers to the chance an individual or an organization has at a particular time within an environment to engage in production of goods or rendering of services in order to earn a living or means of livelihood. When there is business opportunity, profit maximization is the ultimate aim.

It is a packaged business investment allows the individuals to begin a business. It offers tools or training to help start one's own business. This is usually at a lower cost and with few restrictions.

EVALUATION

1 What is business opportunities?

Reference materials: Internet.

TYPES OF BUSINESS OPPORTUNITIES:

1. **Local business opportunities:** These are opportunities available for people living within a particular location when they tap into the natural resources endowed with such places. Example:

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people that live in areas where there are large body of water are mostly fishermen while northerners farmers grow pepper, onion, beans etc.

2. **National business opportunities:** These are business opportunities provided by the government of a country when available resources of such countries are converted into finished goods and services.

It leads to creation of job opportunities for citizens and also improvement in the standard of living. For example, crude oil, gold, bitumen and agricultural produce found in different places which are processed and converted into different finished goods.

3. **International business studies:** These are business opportunities available when goods of a particular country are exported to other country in exchange of imported goods and services. For example when primary products are exported in exchange of finished goods in form of machines and other industrial equipments.

Reference: Internet.

EVALUATION

Mention three types of business opportunities.

GENERAL EVALUATION

1. Mention four areas that are covered by business studies.
2. List five departments in an organization.
3. Explain what you understand by business opportunity.
4. How many vowels do shorthand have?
5. What is sole proprietorship?

WEEKEND ASSIGNMENT

1. ----- refers to as tools to help start one's own business at a lower cost. (a) trade (b) market (c) business opportunity.
2. When individual tap into the available resources in order to earn a living, it is called ---- opportunity (a) international (b) national (c) entrepot (d) local.
3. When goods are exported in exchange for another goods from other country, that is ---- opportunity (a) local (b) national (c) international (d) entrepot.
4. When an individual becomes the owner of his business, it is called ----- (a) an entrepreneur (b) an employee (c) a worker (d) an accountant.
5. One of these is an exception to the types of business opportunity (a) community (b) national (c) international (d) local.

THEORY

1. Define business opportunity.
2. Mention and explain three types of business opportunity.

WEEK FOUR

TOPIC: CONSUMER RIGHT

CONTENT

- Meaning of consumer right
- Origin of consumerism
- Eight universal consumer right
- Ways and manners of consumer right on the country.

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Consumer rights are the benefits which consumers must enjoy from the purchase of goods and services.

ORIGIN OF CONSUMERISM

Consumerism can be defined as the organized efforts of consumers to protect themselves against unfair practices of businessmen.

Consumerism came into existence when a movement started in the 1960s to obtain a greater say in the quality of the products they bought and the information they received from the sellers.

They also sought to increase their influence, power and rights. This is the whole essence of the theory of consumerism.

EVALUATION

Explain the theory of consumerism.

READING ASSIGNMENT

WABP Business Studies JSS 2 by Ehiamentor Egbe pg 86-87.

EIGHT UNIVERSAL CONSUMER RIGHTS

1. They have the right to choose between alternatives.
2. Consumers have the right to good things of life.
3. They have the right to safety.
4. The consumers also have the right to be heard.
5. They have the right to be informed.
6. Consumers have the right to seek redress to correct any injustice.
7. Consumers have the right to get value for money.
8. They have the right to live in a healthy environment

EVALUATION

Mention the eight universal consumer rights.

READING ASSIGNMENT

Essential Commerce for SS by Longe pg 113.

WAYS BY WHICH CONSUMERS CAN BE PROTECTED

1. Formation of consumer associations to test whether items are of goods quality or not and to make recommendations.
2. Their should be foods and drugs Act to see to it that all consumable items have expiry dates.
3. Price control measures should be put in place to curb any arbitrary price increases.
4. All advertisement should be censored before being shown on the screens.
5. Their should be sales of goods Act to ensure that quality goods are sold to consumers.
6. Their should be weight and measures Act to ensure that goods are sold in the right quantity as well as trade description.

EVALUATION

Mention four ways by which consumers rights can be protected

READING ASSIGNMENT

Essential Commerce for SS by Longe pg 113.

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GENERAL EVALUATION

1. Define insurance
2. Mention seven aids to trade
3. Mention five departments in an organization.
4. Define production.
5. Mention three functions of an office

WEEKEND ASSIGNMENT

1. ----- refers to the end users of a product. (a) producer (b) consumer (c) retailer (d) wholesaler.
2. The ----- have parts to play to get the best possible from money paid for goods and services.(a) consumers (b) producers (c) wholesalers (d) retailers.
3. One of these is an exception to consumer's association (a) retailer's cooperatives (b) producer's cooperatives (c) electricity consumer's association (d) tenants association
4. Consumers have the rights which must be protected all the time (a) Yes (b) No (c) Sometimes (d) Often
5. One of these is not a responsibility of a consumer (a) to act as a guide against defective advertisement (b) to check undue increase in prices of goods (c) to pay any amount a consumer wishes on goods and services (d) to ensure goods are correctly used.

THEORY

1. What is consumers rights?
2. Mention three universal rights of a consumer.

WEEK FIVE

TOPIC: RESPONSIBILITIES OF A CONSUMER

CONTENT

- Meaning
- Responsibilities.

Responsibilities of a consumer mean those duties and roles or parts which must be performed by the end users of goods and services in a way that goods and services are provided and made available to the public.It is the duty of the consumer to be aware of any changes that may have been made to products.

Consumers have parts to play to ensure that they get the best possible from the money paid for goods and services.

EVALUATION

What do you understand by the responsibilities of a consumer?

READING ASSIGNMENT

Essential Commerce for SS by Longe pg 115.

RESPONSIBILITIES OF CONSUMERS

Consumers in the bid to protect their rights and interest form associations.Some of the associations formed are tenants association, consumer co-operative association and association of electricity consumers.

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Some of the responsibilities are as follow

1. To act as a check against exploitation of consumers by the manufacturer.
2. To check undue increase in prices of goods.
3. To act as a guide against deceptive advertisements.
4. To read and follow the instructions or warnings regarding the product..
5. To educate members about their rights.
6. To ensure goods are correctly used.
7. To be alert to changes in prices and quality of goods.

EVALUATION

Mention four responsibilities of a consumer.

READING ASSIGNMENT

Essential Commerce for SS by Longe pg 115.

GENERAL EVALUATION

1. Define trade.
2. Mention three types of trade.
3. Mention four source documents.
4. Mention the factors of production and their rewards.
5. List four types of insurance policy.

WEEKEND ASSIGNMENT

1. Responsibilities of consumers mean ----- which must be performed to ensure their rights are not trampled on (a) benefits (b) roles (c) transactions (d) trade.
2. One of these is not an association formed by consumers to have their rights preserved (a) tenants association (b) consumer co-operative association (c) wholesaler cooperatives (d) electricity consumer association.
3. To check undue increase in prices of goods and services means ----- (a) to avoid paying after purchase (b) to pay lesser amount for goods and services (c) to avoid paying more than should be paid. (d) to give a standard price for all goods.
4. Educating members about their rights is ----- (a) teaching members to disagree with the stated prices of goods (b) teaching members that they have no say concerning the price of goods (c) teaching the members to buy what is available (d) teaching members that their benefits for purchasing goods must be preserved.
5. When consumers are made to pay arbitrarily for goods bought it means (a) they pay higher prices (b) they pay lesser prices (c) they avoid paying (d) they seldom pay.

THEORY

1. What is consumer's responsibility?
2. Mention five responsibilities of consumers.

WEEK SIX

TOPIC: Shopping Tips

CONTENT

- Needs and Wants
- Difference between needs and wants
- Improve buying, needs and wants.
- Impulse buying and effects

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- Aftersales services
- Warranty
- Installation

A need is something that is essential for a person to function effectively, it is a necessity to that person.. They are the basic necessities of life e.g food, clothing and shelter. Wants are mere wishes or desire to own goods and services but may not necessarily need. This desire may not be for the basic necessities of life e.g the desire to own a car or desire to build a house. Human wants are therefore numerous.

EVALUATION

Define the following (i) Needs (ii) Wants.

READING ASSIGNMENT

WABP Business Studies JSS 2 by Egbe Ehiamezor Pg 91-94.

STEPS TO MAKE DECISIONS ABOUT NEEDS

1. Creating a list of items needed
2. Budget for each item
3. Separate essential ones from non-essential ones
4. Calculate all costs
5. Decide in advance exactly what you want and can afford
6. Get information from people on their experience about the product.
7. Get price quotation from different sellers.
8. Make sure the seller has appropriate license

EVALUATION

List the steps involved in making a decision about needs.

READING ASSIGNMENT

WABP Business Studies JSS 2 by Egbe Ehiamezor pg91-94

IMPULSE BUYING:

This is the act of purchase without prior budget or planning. It is buying an item suddenly and without thinking carefully.

Effects:

1. Buying things not necessarily needed
2. Overspending
3. Indiscipline on the part of the buyer.
4. Tendency not to be able to buy the more important things.

EVALUATION

What is impulse buying?

READING ASSIGNMENT

WABP Business Studies JSS 2 by Ehiamezor pg 91-94.

AFTERSALES SERVICES:

This is the service provided to customers in the form of home delivery, installation and maintenance of goods bought from the shop.

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WARRANTY:

A written guarantee given to the buyer of a new product by the manufacturer which specifies that manufacturer will make any repair or replace the faulty part free of charge for a period of time.

INSTALLATION:

An act or process of making a machine or service ready to be used in a certain place. It is an act of fixing equipment or furniture in position so that it can be used.

EVALUATION

What is (i) warranty (ii) installation.

READING ASSIGNMENT

WABP Business Studies JSS @ by Ehiamekalor pg 91-94.

GENERAL EVALUATION

1. What is shorthand?
2. Define a typewriter.
3. Mention six parts of a typewriter.
4. Who is a receptionist?
5. Give a brief description of a reception office.

WEEKEND ASSIGNMENT

1. The desire to own goods and services that is primary to survival is ----- (a) want (b) purchases (c) sales (d) need.
2. An extra services provided by the seller after the buyer has purchased the goods is --- (a) warranty (b) aftersales service (c) guarantee (d) installation.
3. The process of making a machine ready to be used is ---- (a) warranty (b) branding (c) installation (d) packaging.
4. Buying commodities without prior planning is ----- (a) budget (b) auction buying (c) purchasing (d) impulse buying.
5. Human wants are ----- (a) few (b) expensive (c) numerous (d) satisfied.

THEORY

1. (a) Define impulse buying. (b) Mention three effects of impulse buying.
2. Define the following (a) warranty (b) installation (c) aftersales service.

WEEK SEVEN

TOPIC: BOOK-KEEPING

CONTENT

- Ethics
- Transparency
- Accountability
- Probity
- Need for TAP
- Attribute of TAP

Transparency: This means honesty and trustworthiness.

Accountability: This means readiness to give account of all the transaction that take place during business operation .It ,means being able to give a reason or an explanation for an action, money or responsibility in a clear manner.

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Probity; This means being upright, having high morals and integrity in the way one handles responsibility and funds in one custody.

EVALUATION

Explain the meaning of TAP.

REFERENCE

WABP Business Studies JSS 2 by Egbe T Ehiamezor pg 97

NEED FOR TAP

1. It promotes integrity
2. It makes the public trust those in government and in private sector.
3. It institutes openness in all forms of business transaction
4. It reduces corruption.
5. It institutes respect for rule of law.
6. It reduces wastes of taxpayer's money.
7. It makes citizens of a country to be well informed about government action.
8. It institutes good government and good governance
9. It establishes a known and acceptable way of doing business.

ATTRIBUTES OF TAP:

1. Truthfulness: The public should be told the truth on any issue, especially contentious ones at all times.
2. Openness: Every action taken must be open to public debate and criticism.
3. Fairness: An organization must not be seen to favour any person, group or entity.
4. Impartiality: Everybody must be treated fairly and equally to avoid favouritism.
5. Due process: The laid down procedure for carrying out any action, especially government contracts must be followed.
6. Respect for rule of law: What the law says must be obeyed to the letter no matter who is involved.
7. Free flow of information: Information on any action must be made available to those who wants to find out what has happened.

EVALUATION

Mention five attributes of TAP.

READING ASSIGNMENT

WABP Business Studies JSS2 by Egbe Ehiamezor.

GENERAL EVALUATION

1. What is insurance?
2. What is business opportunity?
3. How many vowels does Pitman shorthand have?
4. Mention three sanctions for those who do not display punctuality and regularity at work.
5. Mention two methods of buying and selling.

WEEKEND ASSIGNMENT

1. ----- is honesty and trustworthiness. (a) Probity (b) Trustworthiness (c) Achievement (d) Accountability.

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2. The readiness to give reasons for any action is ----- (a) probity (b) accountability (c) trustworthiness (d) achievement.
3. Been upright and having high moral is ----- (a) probity (b) accountability (c) transparency (d) achievement.
4. One of these is not a reason for TAP (a) Promotion of integrity (b) Reduction of corruption (c) Respect of rule of law (d) making super profit.
5. Which one is not among the attribute of TAP (a) corruption (b) Openness (c) Fairness (d) Truthfulness.

THEORY

1. What do you understand by TAP?
2. Mention five attributes of TAP.

WEEK EIGHT

TOPIC: LEDGER ENTRIES.

CONTENT

- Meaning of ledger
- Items of the ledger
- How to record cash received and payment
- Discount received and discount allowed
- Contra entries

A ledger:

This is the principal book of account where all entries from the subsidiary books are posted to. Items in a ledger:

There are two sides of the ledger- the debit side and the credit side. The items below are found on both sides of the ledger.

1. Date: The date and month the transaction took place.
2. Particulars: The columns which shows the detail of the transaction that took place.
3. Folio: The page number of the subsidiary book where the transaction was transferred from
4. Amount: This is the amount of money received or spent.
5. Discount: This is the column where discount allowed or discount received is recorded.

How to record cash received and payment

Step 1.

Recording a transaction in a journal marks the starting point for the double-entry bookkeeping system. In this system the financial structure of an organization is analyzed as consisting of many interrelated aspects, each of which is called an account (for example, the “wages payable” account). Every transaction is identified by its two or more aspects or dimensions, referred to as its debit (or left side) and credit (or right side) aspects, and each of these aspects has its own effect on the financial structure.

Depending on their nature, certain accounts are increased with debits and decreased with credits; other accounts are increased with credits and decreased with debits. For example, the purchase of merchandise for cash increases the merchandise account (a debit) and decreases the cash account (a credit). If merchandise is purchased on the basis of a promise to make a future payment, a liability would be created, and the journal entry would record an increase in the merchandise asset account (a debit) and an increase in a liability account (a credit). Recognition of wages earned by employees entails recording an increase in the wage-expense account (a debit) and an increase in a liability account (a credit). The subsequent payment of the wages would be a decrease in the cash asset account (a credit) and a decrease in the liability account (a debit).

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Step 2

In addition to the general ledger, a subsidiary ledger is used to provide information in greater detail about the accounts in the general ledger. For example, the general ledger contains one account showing the entire amount owed to the enterprise by all its customers; the subsidiary ledger breaks this amount down on a customer-by-customer basis, with a separate subsidiary account for each customer. Subsidiary accounts may also be kept for the wages paid to each employee, for each building or machine owned by the company, and for amounts owed to each of the enterprise's creditors.

Step 3

Posting data to the ledgers is followed by listing the balances of all the accounts and calculating whether the sum of all the debit balances agrees with the sum of all the credit balances (because every transaction has been listed once as a debit and once as a credit). This determination is called a trial balance. This procedure and those that follow it take place at the end of the fiscal period. Once the trial balance has been prepared successfully, the bookkeeping portion of the accounting cycle has ended.

Step 4

Once bookkeeping procedures have been completed, the accountant prepares adjustments to recognize events that, although they did not occur in conventional form, are in substance already completed transactions. The following are the most common circumstances that require adjustments: accrued revenue (for example, interest earned but not yet received); accrued expense (wage cost incurred but not yet paid); unearned revenue (earning subscription revenue that had been collected in advance); prepaid expense (expiration of a prepaid insurance premium); depreciation (recognizing the cost of a machine as expense spread over its useful economic life); inventory (recording the cost of goods sold on the basis of a period's purchases and the change between beginning and ending inventory balances); and receivables (recognizing bad-debt expenses on the basis of expected uncollected amounts).

Step 5 and 6

Once the adjustments are calculated and entered in the ledger, the accountant prepares an adjusted trial balance—one that combines the original trial balance with the effects of the adjustments (step five). With the balances in all the accounts thus updated, financial statements are then prepared (step six). The balances in the accounts are the data that make up the organization's financial statements.

Step 7

The final step is to close noncumulative accounts. This procedure involves a series of bookkeeping debits and credits to transfer sums from income-statement accounts into owners' equity accounts. Such transfers reduce to zero the balances of noncumulative accounts so that these accounts can receive new debit and credit amounts that relate to the activity of the next business period.

The rule: - debit cash received in cash book and credit cash paid in the cash book.

CONTRA ENTRIES

This occurs where the debit and credit entries are made in the same account.

EVALUATION

1. What is a ledger.
2. Define contra entry.

READING ASSIGNMENT

Business Studies for JSS2 by O.A lawal et'al pg58-60.

Second term Business Studies E-Lesson Note

GENERAL EVALUATION

1. What is a market?
2. Who is a receptionist?
3. Mention four documents handled by a receptionist.
4. What is a mail?
5. What is office document?

Weekend assignment

Post the following in a ledger

5/1/09 (a) Mr. Ojo started business with ₦10, 000

10/1/09 (b) bought office equipment by cash ₦3000

15/1/09 © bought goods in cash ₦3000

20/1/09 (d) paid wages in cash ₦12000

28/1/09 (e) received commission by cash ₦4000

THEORY

1. Write a short note on ledger
2. What are the steps in preparing a ledger?

WEEK NINE

TOPIC: THE PETTY CASHBOOK AND THE IMPREST SYSTEM

CONTENT

- Meaning of a petty cashbook
- Columns
- Recording receipts and payments
- Imprest system
- Cashflow imprest
- Reimbursements

The petty cash book is a book for recording those minor cash transaction which are not paid for by means of cheques. It is used to record items of minor expenses. The petty cashbook is divided into the debit side and credit side as shown below.

DR							CR				
Rept N	Cash book folio	Date	Par.	Voucher Nos	Tot. Pay	Stationery N	Post & Telgms N	Trans	Per.A/c	Sundry	le

REASONS FOR KEEPING A PETTY CASHBOOK

Business organizations keep petty cashbooks for any or all of the reasons given below.

- (1) Expansion of business activities might lead to a growth of petty cash expenses and a petty cashbook is introduced to record these expenses.
- (2) It will be difficult to raise a cheque for every single item of expenditure.
- (3) Monitoring expenses on small items is easy.
- (4) Through the petty cash book an organization can know the rough estimate of what is to be spent on minor expenses for a year.
- (5) It is a safety control over petty cash expenses.

Second term Business Studies E-Lesson Note

PREPARATION OF PETTY CASHBOOK

An Illustration

For the month of June 2001, the following were the petty cash expenses in Dambatta Trading Company Limited up to the 11th of the month.

Voucher No	31	June 4	Cash in hand from the chief cashier	4,000.00
	32	5	postage stamps	300.00
	33	6	stationery	1,100.00
	34	8	carriage	400.00
	35	9	postage stamps	200.00
	36	10	telegrams	600.00
	37	11	stationery	800.00

Enter the expenditure in a petty cash book and bring down the balances to the end of the period.

DR.					CR.			
Rcpt N	Folio	Date	Par	Vou no	Tot pay	Post	Carriage	Stationery
4,000		June 4	Cash	31				
		June 5	Stamps	32	300	300		
		June 6	Stationery	33	1,100			1,100
		June 8	Carriage	34	400		400	
		June 9	Stamps	35	200	200		
		June 10	Telegrams	36	600	600		
3,400		June 11	Stationery	37	800			800
			Total		3,400	1,100	400	1,900
			Bal c/d		4,000			
7,400					7,400			
4,000		July 1	Bal b/d					

EVALUATION

1. Draw out the format of a petty cash book
2. What is a petty cash book.

THE IMPREST SYSTEM

Under the impress system, a specific amount of money is given to the petty cashier in advance. The money is estimated to cover a given period which may be a week or a month. At the end of the period, the total money spent is given back to the petty cashier by the main cashier in order to make up to the original amount to begin a new period. This is called reimbursement.

CASH FLOW/ IMPRESS SYSTEM

Cash Flow, sources and uses of money within a business operation.

A third important activity-oriented financial statement is the statement of cash flows. This statement provides information not otherwise available in either an income statement or a balance sheet. The statement of cash flows presents the sources and the uses of the enterprise's cash by classifying each type of cash inflow and cash outflow according to the nature of the type of activity, such as operating activities, investing activities, and financing activities. The

Second term Business Studies E-Lesson Note

statement's operating activities section identifies the cash generated or used by operations. Investing activities include the cash exchanged to buy and sell long-lived assets such as plant and equipment. Financing activities consist of the cash proceeds from stock issuances and loans and the cash used to pay dividends, to purchase the company's outstanding shares of its own stock, and to pay off debts.

Reimbursement

Replacement of funds expended by the petty cashier.

EVALUATION

1. Write a short note on cash flow
2. What is impress system.

READING ASSIGNMENT

- (1) Spectrum for JSS 2 Page 82
- (2) Business studies for JSS 2 by Lawal et al Pages 51 & 52.

GENERAL EVALUATION

1. Mention three divisions of occupation.
2. What is business studies?
3. Mention three rewards of a good attitude to work.
4. Define punctuality.
5. What is trade?

WEEKEND ASSIGNMENT

1. The book for recording minor expenses is called (a) Petty cash payment (b) petty cash book (c) disbursement (d) reimbursement.
2. keeps the petty cashbook. (a) Main cashier (b) accountant (c) petty cashier (d) personnel manager.
3. The giving out of a specific amount of money to the petty cashier to take care of minor /small expenses is called (a) Giving out system (b) petty cash system (c) imprest system (d) open system.
4. The practice of giving back the money spent to the petty cashier at the end of a period is calledsystem (a) imprest (b) disbursement (c) reimbursement (d) restoration
5. The petty cashbook is a control over cash expenses. (a) safety (b) suspicious (c) spacious (d) ample.

THEORY

1. What is the importance of the petty cashbook?
2. Explain what is meant by the impress system of the petty cashbook

WEEK TEN

TOPIC: CASH BOOK

CONTENT

- Meaning
- Types of cashbook

Second term Business Studies E-Lesson Note

- Single column
- Two column
- Items on a cashbook
- Cash column
- Bank column
- Discount column

THE MEANING OF CASH BOOK

The cashbook is a book of account which is used to record all money received and all money paid out within a period of time. Cash consists of bank notes, coins and cheque. A cash book serves a dual function of a ledger account and a book of original entry.

THE NATURE OF THE CASHBOOK

The cashbook has two sides. The left-hand side (i.e. the debit side) and the right-hand side (i.e. the credit side)

The debit side of the cash book is the receiving side while the credit side of the book is the giving side. When an organization receives money, this will be recorded on the debit side of the cash book. However, when the organization gives out money, a record of such money is made on the credit side of the cash book. Thus, satisfying the double entry principle of credit the giver and debit the receiver.

TYPES OF CASHBOOKS

There are three types of cashbooks namely (i) the simple cash Book (i.e. one Column cashbook (ii) the Two-Column cash book (i.e. Double Column Cashbook) (iii) The Three Column Cashbook.

SINGLE COLUMN CASHBOOK

This is the type of cashbook kept by some petty traders. In most cases, these traders do not keep any account with the bank. All receipts from trading are kept at home.

The simple cash book has a single column on the debit side for cash receipts and another single column on the credit side for cash payments. It is therefore called a one-column cash book. Its format is as shown below.

DR				CR			
Date	Particulars	Folio	Amount	Date	Particulars	Folio	Amount

EVALUATION

1. Why is the cashbook both a book of original entry and a ledger account?
2. Mention the three types of cashbook we have.

READING ASSIGNMENT

Spectrum Business Studies for JS2 pg 69

Business Studies for JS2 by lawal et'al pg42-46.

Balancing Cashbook:

1. Add up the figures on the debit side of the cashbook
2. Add up the figures on the credit side of the cashbook.

Second term Business Studies E-Lesson Note

- Determine the difference between the figures obtained in (1) and (2) above
- On the side with the lower figure, write 'balance c/d' which is just the amount necessary to equalise the two totals.
- Bring down the 'balance c/d' to the next period as balance b/d
- Write down the total of the credit and the total of the debit on the same line.

PREPARATION OF A SINGLE COLUMN CASH BOOK

AN ILLUSTRATION

Mr. Aluko commenced business on 1 March 2003, with a capital of N2, 000,000.00

March 2. Bought in cash some calculators for resale N500, 000.00

March 3. Paid in cash for office pins bought for resale N250, 000.00

March 4. Received from J. Rowland, a customer, cash for goods sold N300, 000.00

March 6. Received from N. Malo, another customer, cash for goods sold N200, 000.00

March 10. Paid cash for energy bill N55, 000.00

March 15. Paid cash for advertisements N75, 000.00.

Aluko's transactions can be recorded in the two sides of the cashbook as follows:

Date	Particulars	Folio	Amount	Date	Particulars	Folio	Amount
1/3/03	Capital	5	2,000,000.00	2/3/03	Purchases	19	500,000.00
4/3/03	J Rowland	8	300,000.00	3/3/03	Purchases	38	250,000.00
6/3/03	N. Malo	18	200,000.00	10/3/03	Energy bill	70	55,000.00
				15/3/03	Advertise-ment	92	75,000.00
					Bal c/d		1,620,000.00
			2,500,000.00				2,500,000.00
1/4/03	Bal b/d		1,620,000.00				

EVALUATION QUESTIONS

- What are the steps involved in balancing a cashbook?
- Draw out the formats of (a) single column and (b) double column cashbooks.

PREPARATION OF DOUBLE COLUMN CASHBOOK WITH CONTRA ENTRY

This type of cashbook is maintained in businesses which operate both cash and bank transactions. It has a column each for cash and bank transactions. The two columns are located on both the debit and credit sides of the cashbook.

When money is received, either in cash or by cheque, the cash column which receives is debited and the cash column which gives is credited. This type of entry which involves the payment of cash into the bank is called a contra entry. It is usually indicated as C in the folio column. It means the transfer of an item from one side of the account to an identical side of another account.

The format of a two column cash book is shown below:

Dr.					Cr.				
Date	Particulars	Folio	Cash	Bank	Date	Particulars	Folio	Cash	Bank

Second term Business Studies E-Lesson Note

An Illustration:

Record the transactions of Mr. Hassan two column cash book. Balance the cashbook. Bring down balances of cash at hand and cash in bank at the end of the period.

2004

Feb. 2	Paid N3,000,000.00 into the business as capital
Feb. 4	Paid N200,000.00 of the working capital into a bank
Feb. 10	Made cash purchases of N70,000.00
Feb. 17	Made cash sales of N90,000.00
Feb. 20	Made purchases by cheque N70,000.00
Feb. 27	Made cash sales of N70,000.00
Feb. 28	Expenses for office paid in cash N90,000.00
Feb. 29	Cash paid into bank N200,000.00
Feb. 30	Salary of attendant paid by cheque N30,000.00

DR
CR

HASSAN'S TWO COLUMN CASH BOOK

Date	Particulars	Folio	Cash	Bank	Date	Particulars	Folio	Cash	Bank
2/2/04	Capital		3,000,000		4/2/04	Bank	C	200,000	
4/2/04	Cash			200,000	10/2/04	Purchases		70,000	
17/2/04	Sales		90,000		20/2/04	Purchases			70,000
					28/2/04	Office Exp.		90,000	
27/2/04	Sales		70,000						
29/2/04	Cash			200,000	29/2/04	Bank	C	200,000	
					30/2/04	Salary			30,000
					30/2/04	Bal. c/d		281,000	30,000

References

Spectrum Business Studies For JSS2. Pages 71 and 7
Business Studies for JSS2 Lawal et al. Pages 4 and 47

EVALUATION

What is Contra Entry?

WEEKEND ASSIGNMENT

Record the following transactions in a two-column cash book. Balance the cashbook and bring down the balance of cash in hand and cash at bank at the end of the period. Do not prepare other ledger accounts.

2005. Mr. Ahmed.

- July 2 introduced N5,800 cash into the business as capital
- July 4 Paid N3,700 of the capital into the bank
- July 10 Purchased goods worth N600
- July 15 Cash sales N900
- July 20 Purchased goods worth N1,400 by cheque
- July 25 Cash sales totaling N1,300
- July 28 Office expenses paid for in cash N60
- July 29 Cash paid into bank N2,000
- July 30 Wages paid by cheque N150

Second term Business Studies E-Lesson Note

READING ASSIGNMENT

- (1) Spectrum Business studies for JSS Book 2 Page 69
- (2) Business studies for JSS 2 by Lawal et al page 42 -46.

GENERAL EVALUATION

1. Mention two types of office we have.
2. What department is responsible for payment of staff salary?
3. Explain the three types of trade.
4. Write out the first six consonant of pitman shorthand.
5. List seven aids to trade.

WEEKEND ASSIGNMENT

1. is used to record all money received and paid out within a period of time (a) minute book (b) cash payment (c) cash book (d) cash received.
2. There are types of cash book. (a) 2 (b) 3 (c) 4 (d) 5.
3. All petty traders keep their cash receipts in the bank (a) Yes (b) No (c) Let me go home and ask (d) I think so.
4. There are Sides to a cash book (a) 2 (b) 3 (c) 4 (d) 5.
5. All money paid out are recorded in theside of the Cash book.
(a) debit (b) credit (c) side (d) upward
6. All money received are recorded on theside of the cash book (a) credit (b) debit
(c) upward (d) downward.

THEORY

Record the following transactions in a two-column cash book. Balance the cashbook and bring down the balance of cash in hand and cash at bank at the end of the period. Do not prepare other ledger accounts.

2005. Mr. Ahmed.

July 2 introduced N5,800 cash into the business as capital

July 4 Paid N3,700 of the capital into the bank

July 10 Purchased goods worth N600

July 15 Cash sales N900

July 20 Purchased goods worth N1,400 by cheque

July 25 Cash sales totaling N1,300

July 28 Office expenses paid for in cash N60

July 29 Cash paid into bank N2,000

July 30 Wages paid by cheque N150.