

SCHEME OF WORK 3RD TERM 2024\2025 ACADEMIC SESSION
BUSINESS STUDIEES JS2

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Week 1

INSURANCE

DEFINITION OF INSURANCE AND ASSURANCE

Insurance can be defined as an agreement whereby one party promises to indemnify or pay another party a sum of money in the event of his suffering a specified loss or damages.

Assurance is the provision of cover against some eventuality which must occur at some time in the future e.g. Death of a person.

DIFFERENCES BETWEEN INSURANCE AND ASSU

RANCE

INSURANCE	ASSURANCE
1. The risk insured against may not occur.	The risk is certain to occur.
2. It is a provision of cover against eventualities which may never occur.	This is a provision of cover against some eventualities which are certain time in the future.
3. It hinges on probabilities.	It hinges on possibilities.
4. Examples are fire, marine, burglary.	Example is life assurance.

WEEK 2

INSURABLE AND NON- INSURABLE RISKS

INSURABLE RISK

Insurable risks are the type of risks which the insurer can make provision for or insure against because it is possible to collect, calculate and estimate the likely future losses. The risks can be forecast and measured, e.g. Motor, Life, Marine, Insurance etc.

NON-INSURABLE RISKS

Non-insurable risks are the type of risks which the insurance company is not ready to insure against simply because the likely future losses cannot be estimated and calculated. It holds the prospect of gain as well as loss. The risk cannot be forecast and measured.

Some examples of non-insurable risks are:

1. Loss of profit through competition
2. Gambling
3. Launching of new product
4. Opening of a new shop
5. Risks due to war
6. Change in fashion
7. Loss incurred as a result of bad management
8. The poor location of a business
9. Loss of profit through fall in demand
10. Speculation

WEEK 3

INDEMNITY INSURANCE

Indemnity insurance is the type of insurance in which the insured is restored to his former position before the incident occurred, by receiving compensation. The examples are insurance against fire, marine, burglary, etc.

NON-INDEMNITY INSURANCE

Non-indemnity insurance refers to those associated risks for which no amount of compensation could equate to the loss suffered by the insured. However, only a consolation payment is made to the insured. An example of non-indemnity insurance is life insurance.

INSURANCE SCHEMES PENSION AND HEALTH INSURANCE

Pension insurance: Involves customers or employees saving part of their income to enable them collect

what they have saved over a period of time after they retire from active employment.

Recently, the government made pension insurance compulsory for all employees. Government in order to encourage its own employee in the civil service, decide to contribute 7.5% towards the pension insurance of each employee while the employee contributes 7.5%. Government set up a Pension Commission which licensed Pension Fund Custodians and Pension Funds Administrators to oversee pension matters.

Health insurance: Is coverage paid for by an individual against possible future hospitalization. Employees under the National Health insurance Scheme are to pay 2.5% of their salary while the government contributes another 2.5%

Week 4

Topic: ledger.

Ledger is the principal book into which account are transferred from journal entries. it usually has numbered pages for easy identification; each page is called folio. in book-keeping, the ledger is always a leaf book. It is a book used for recording periodic (e.g. weekly, monthly) transfer from the journal. Items in the ledger are;

Date

Particular

Folio

Naira.{Amount}

The standard ledger account form is shown below:

Debit (DR)

credit (CR)

Date	particular	Folio	Naira	Date	Particular	folio	Naira.
	Particulars on the left side are DEBIT ENTRIES				Particulars on the right side are CREDIT ENTRIES		

classification of ledger.

Ledger account is classified into two broad categories personal and impersonal account. The diagram below illustrates the acceptable classification of ledger account.

Ledger Account

Personal		impersonal	
Debtors	creditors	Real	Nominal

- ❖ **Personal accounts:** are the accounts in which transactions with persons or businesses and organization are recorded. Personal account consists of records of debtors (those owing the company) and the creditors (those the company owes).
- ❖ **Impersonal Accounts:** relates to assets, liabilities income and expenses; they can be broken down into two; **Real** and **Nominal** account.
 - Real account: relates to assets and liabilities e.g furniture account and loan account.
 - Nominal account relates to income and expenditure of the business. E.g sales account and salary account.
 - Real and nominal account are characterized by the followings :
 - One book may be just for customers' personal accounts which could be called sales ledger or debtor's ledger.
 - Another book may just be for supplier's personal accounts, which could be called purchases ledger or bought ledger.
 - The book concerned with the receipt and payment of money both by cash and cheque is called a cash book.

Week 5

TOPIC Ledger entries (sales ledger)

Lesson one

Sales ledger: Another name for sales ledger is debtor's ledger. A sales ledger contains a separate account for each individual to whom goods and services have been sold or rendered on credit.

Example: From the following information prepare a sales ledger control account:

A. O Asabis account is kept on page 3 (folio 3) of the sales ledger.

B. On June 3, 2013, she owes the business #12,500. This was the balance brought down unpaid from the previous month.

C. On June 10 she paid #19,000 cash to the business this information is contained in the cash book on page 6 of the general ledger (GL 6).

D. On June 15 goods worth #6200 were returned by Asabi and she was sent a credit note for #6200 on the same day. On page 7 of the general ledger.

E. On June 28, she was sold goods worth #18,500 on credit, the sales account is kept on page 4 of the general ledger (GL4).

F. On June 29 it was discovered that Asabi should have been charged #20,000 instead of #18,500 for the credit sales of June 28. She was therefore sent debit note of #1,500 for this undercharge. This undercharge was credited to sales account on page 4 of the general ledger.

G. at the end of the month Asabi owed the business #7,300 this is shown as debit balance on the account.

Workings:

Date	Particular	Folio	Amount	Date	Particular	Folio	Amount
2013			# : k	2013			# : k
June 3	Balance	b/d	12,500.00	June 10	Cash	GL6	19000.00
June 28	Sales	GL4	18,500.00	June 15	Inwards	GL7	6200.00
June 29	Sales	GL4	1500.00	June 30	Bal c/d		7300.00
			32,500.00				32500.00
July 1	Bal b/d		7300.00				

WEEK6

Ledger entries (Purchases ledger)

Purchases ledger: is used for keeping the personal account of creditors. It is therefore a personal account of those who have supplied goods to the business on credit. Until the supplier is paid, the amount owe will be reflected by a creditor balance in the account.

Example : use the bellow analysis to prepare a purchase ledger control account

- C. Chibuzos accon is maintained on page 20 (folio 20) of the purchases ledger.
- On Feb 1 C. Chibuzo was owed # 14,000 by the business.
- On Feb 14 C. Chibuzo supplied the business goods worth #10,500 on credit. This is recorded on the purchases account on page 8 of the general ledger (GL 8)
- On Feb 15 C. Chibuzo was paid # 21,000 recorded on the cash account on page 4 of the general ledger (GL4).
- On Feb 18 goods worth #5,000 were bought on credit from C.Chibuzo. This is recorded on the purchases account on page 8 of the general ledger (GL 8).
- On Feb 20 goods worth #2,000 previously purchased on feb 18 were returned to C. Chibuzo.
- At the end of the month the business owed C. Chibuzo the sum of #6,500 this is shown by a credit balance of this amount in the account.

Workings:

Dr								Cr
Date	Particular	Folio	Amount		Date	Particular	Folio	Amount.

2013			# : k		2013		# : k
Feb 15	Cash	GL 4	21,000.00		Feb 1	Balance	14,000.00
Feb 20	Outward	GL 10	2,000.00		Feb 14	Purchases	10,500.00
Feb 28	Bal c/d		6,500.00		Feb 18	Purchases	5,000.00
			29,500.00				29,500.00
					March 1	Bal b/d	6,500.00.

WEEK 7

TOPIC: Petty cash book.

Petty means small. An amount of cash kept on hand and use for making small payment is called **petty cash**. A ledger bound separated for recording all small payment made in cash out of an agreed sum of money is called **petty cash book**. The main reason for using a petty cash book is to free the cash book from details of small payments postage, travelling expenses, stationary and repairs. A petty cash book is usually put in the care of a clerk called the **petty cahier**. Payment made by the petty cashier is supported by a petty cash voucher showing the reason for the payment and the signature of the person receiving the money.

System of petty cash book-keeping.

- ❖ **Open system:** Under this system the petty cashier at first receives from the chief cashier a fixed amount of money for meeting petty expenses.
- ❖ **Fixed advance system:** the petty cashier receives from the chief cashier a fixed sum of money for a fixed period of time. E.g # 40,000.00 per month. The chief cashier pays this # 40,000.00 to the petty cashier every month irrespective of whether the petty cashier spends the total sum or not.
- ❖ **Imprest system :** is generally followed by most business concerns. This is consisting of a cash balance which is replenished at the end of a given period.

ADVANTAGES OF IMPREST SYSTEM

- It acts like a healthy check on the petty cashier, as he/she has to give chief cashier the book for inspection.
- The petty cash book remains up to date.
- At the end of the month or other period of time agreed on, the amount spent is refunded to the petty cashier, thereby making the money that is in the fund equal to the amount originally given. The original amount given to the petty cashier is called **an imprest**.

The three (3) stages in the method of operating the imprest system.

- The chief cashier gives the petty cashier a sum of money, enough to cover a month or an agreed period of #60,000.00.
- During the agreed period, the petty cashier pays out for some petty purchases. #43,300.00. Petty cash in hand at the end of the agreed period is #16,700.00.
- At the end of the agreed period, the petty cashier receives a sum of money to bring the money back to the original sum #43,300.00. Money at the beginning of a new period #60,000.00.

Analysis of items of expenditure.

Expenditure means cost. There are four main types of expenditure made under the petty cash system.

They are:

- Postage: these include stamp, parcel and facsimile (fax).
- Stationary: this includes items such as ballpoint pens, erasers and envelopes.
- Travelling expenses: this include airplane, railway, bus and taxi fares.
- Miscellaneous expenses: this includes items such as repairs carried out on facilities, sugar, milk, and tea for office use, window cleaning, telephone bills etc.

Week 8

Topic: cash book

The cash book is a ledger account. It is a ledger for recording all cash transactions. The cash book is strictly limited to the receipt and payment of cash and is usually kept by a cashier.

Types of cash book

There are three types of cash book. These are :

- a. Single column cash book (one column cash book)
- b. Two-column cash book
- c. Three column cash book.

The single column cash book: has a column for date, particulars, folio, and amount. It is usually the type of cash book kept by petty traders. This is because they do not keep any account with the bank.

The single cash book has only a single column on the debit side for cash receipt and another single column on the credit side for cash payment.

Format of a single column cash book

Dr

Cr

Date	Particular	Folio	Amount		Date	Particular	Folio	Amount

Two/double column cash book : it has the cash account and bank account brought together into one book. It is more convenient to put the account column together so that the recording of all money received or paid out either by cash or cheque can be found on the same page.

Format of a double column cash book

Dr					Cr				
Date	Particular	Folio	Cash	Bank	Date	Particular	Folio	Cash	Bank.

The three column cash book : it has a column for discount received and discount allowed. i.e column to record reduction in price of goods bought or sold out to customers.

Format of three column cash book

Dr						Cr					
Date	Particular	Folio	Cash	Bank	D. Received	Date	Particular	Folio	Cash	Bank.	Dis. Allowed

Enter the following transactions in the cash book of A.O Jaji for the month of January, 2013.

Jan. 1 started business with #100, 000 cash.

Jan. 6 Bought goods worth #20, 000 by cash.

Jan. 7 Received #5,000 cash in respect of sales.

Jan.11 paid the following expenses in cash ; stamps #100, Diesel #1700

Jan.13 paid cash # 10, 000 to Hassan Adamu

Jan. 16 Bought motorcycle by cash #60, 000

Jan. 18 receive a cash loan of #40,000 from Tope Aliu

Jan.24 Bought goods worth #7, 000 by cash

Jan.30 paid salaries of sales persons #20,000.

A .O. Jaji cash book

Date	Particular	Folio	Amount # : k		Date	Particular	Folio	Amount # : k
Jan. 1	Capital		100,000.00		Jan. 6	Purchases		20,000.00
Jan. 7	Sales		5,000.00		Jan. 11	Stamps		100.00
Jan. 18	Tope Aliu		40,000.00		Jan. 11	Diesel		1700.00
					Jan.13	Hassan		10,000.00
					Jan. 16	Motorcycle		60,000.00
					Jan. 24	Purchases		7,000.00
					Jan. 30	Salaries		20,000.00
						Balanc c/d		26,200.00
			<u>145,000.00</u>					<u>145,000.00</u>
	Balanceb/d		26,200.00					

Week 9

Topic: Two column cash book.

Two/double column cash book: It has the cash account and bank account brought together into one book. It is more convenient to put the account column together so that the recording of all money received or paid out either by cash or cheque can be found on the same page.

Date	Particular	Folio	Cash	Bank		Date	Particular	Folio	Cash	Bank.

Cash column: cash receipt and payment are recorded

Bank column: all payment made by cheque and money received are and paid into the bank are recorded,

Contra Entries: These are made in the cash book when cash is deposited into the bank account out of the cash in hand or when cash is withdrawn from the bank for office use.

- ❖ **Cash paid into the bank** when there is surplus of cash in hand, the firm can pay into the bank. Money will leave the cash till and will be deposited in the bank.

Effect: cash balance will decrease: bank balance will increase

Action: credit cash column

Debit bank column

The double entry will be completed in the cash book. The letter C must be recorded in the folio column to show the transfers. This is illustrated below.

Date	Particular	Folio	Cash	Bank		Date	Particular	Folio	Cash	Bank.
		C						C		

Write up a two column cash book from the following details and balance off as at the end of the month 1995.

Jan 1 Started business with capital in cash 3000
 Jan 2 paid rent by cash 70
 Jan 3 received loan from Bola 500 by cheque
 Jan 5 we paid Olu by cheque 165
 Jan 6 we paid general expenses in cash 300
 Jan 9 withdrew 1000 from cash till and paid into the bank account.
 Jan 10 cash sales paid directly into the bank 3000
 Jan 12 banked cash 900
 Jan 14 cash purchases 500
 Jan 16 bought goods by cheque 501
 Jan 21 bought moto van by cheque 60
 Jan 22 cash withdrawing by the proprietor 21
 Jan 24 we paid Biodun for goods bought 250
 150 in cash : 100 by cheque.
 Jan 26 wages paid in cash 35
 Jan 27 bought stationery paying by cash 75
 Jan 28 withdraw 105 from bank for private use
 Jan 30 rent received by cheque 45 Jan 31 cash sales 1000

Date	Particular	Folio	Cash	Bank	Date	Particular	Folio	Cash	Bank.
Jan 1	Capital		3000		Jan 2	Rent		70	
Jan 3	Bola			500	Jan 5	Olu			165
Jan 9	Cash	C		1000	Jan 6	Gene.Exp.		300	
Jan10	Sales		3000		Jan 9	Bank	C	1000	
Jan12	Cash	C		900	Jan12	Bank	C	900	
Jan19	Commission			501	Jan14	Purchases		500	
Jan30	Rent			45	Jan16	Purchases			130
Jan31			1000		Jan21	Moto van			60
					Jan22	Drawings		21	
					Jan24	Bio dun		150	100
					Jan26	Wages		35	
					Jan27	Stationary		75	
					Jan28	Drawings			105
						Bal c/d		949	5386
			4000	5946				4000	5946
	Balance b/d		949	5386					

Week 10

TOPIC : Three column cash book

The three column cash book represents three accounts : cash, bank and discounts combined into one book. In the three column cash book, discount allowed and discount received will be introduced. Since cash discount is given as an inducement to the customer to settle their account promptly, then there must be a column for discount allowed on the debit side of the cash book and discount received column on the credit side.

DISCOUNT ALLOWED AND DISCOUNT RECEIVED.

❖ Discount allowed: this is the discount given to the customers for prompt payment of their account.

❖ Discount received: this is the discount received from the supplier for prompt payment of our account.

CASH DISCOUNT AND TRADE DISCOUNT

- ❖ Cash discounts are discount given for prompt payment of account. This is divided into discount allowed and discount received.
- ❖ Trade discount is the allowance of the invoice or catalogue price of an item given by a manufacturer to the customer. Cash and trade discount are compared below

Trade Discounts

1. Allowance of the invoice price
2. Appears in the day book.
3. It is unconditional every customer is entitled to it.
4. Must be deducted first

Cash discount

- Allowance for prompt payment
Appears in the cash book and ledgers
it is conditional i.e settlement of account
Within a certain time.

Must be deducted after trade discount has
has been given.

Format of three column cash book

Dr

Cr

Particular	Folio	Cash	Bank	D. allowed		Date	Particular	Folio	Cash	Bank.	Dis. Reeieve

Write up a three column cash book from the following details.

1996.

Jan 1 balance brought forward;

Cash in hand #500

Cash at bank #13000

Jan 2 Received a cash loan of #500 from ojo

Jan 3 Bought goods for cash # 460

Jan 4 Bouht motto van paying by cheque #150

Jan 5 Cash withdrawn from bank # 3000

Jan 7 paid wages in cash # 70

Jan 8 Cash drawing # 100

Jan10 Cash sales paid directly into the bank # 980

Jan 12 we paid the following account by cheque less 10% discount in each case:
Bisi #200,Ayo 250; Esan 340

Jan13 The followings paid us their account by cheque; in each case deducting 2.5% discount: Biodun #200 uche # 360.

Jan 15 Received a further loan of #50 from Ada by cheque.

Jan16 we paid Zaka his account of # 90 by cheque

Jan 18 cash sales #200

Jan 21 paid rent in cash #18

Jan 23 Received commission by cheque # 120.

Jan 25 The following people paid us by in each case deducting 5% discount
Udo #500 Sola #120; Jaja # 440.

Jan 26 we paid the following by cheque deducting 2% discount Taiwo #600
Tunde #500 Victor # 300.

Jan 28 paid insurance by cash #60

Jan 29 Segun paid us a cheque for #78 having deducted #2 discounts.

Three column cash book

Date	Particulars	F	Cash	Bank	Dis.All	Date	particular	F	Cash	Bank	Dis.Rec
Jan 1	Balance	b/f	500	13000		Jan 3	Purchases		460		
Jan 2	Ojo		500			Jan 4	Motor van			150	
Jan 5	Bank	c	300			Jan 5	Cash	C		300	
Jan10	Sales			980		Jan 7	Wages	GL	70		
Jan13	Biodun	SL		195	5	Jan 8	Drawings		100		
Jan13	Theresa	SL		351	9	Jan 12	Bisi	PL		180	20
Jan 15	Ojo			50		Jan12	Ayo	PL		225	25
Jan 18	Sales		200			Jan12	Esan	PL		306	34
Jan23	Commission			120		Jan 16	Zidanne			90	
Jan 25	Uson	SL		475	25	Jan 21	Rent		18		
Jan 25	Sofola	SL		114	6	Jan 26	Taiwo	PL		588	12
Jan 25	Jaja	SL		418	22	Jan 26	Tunde	PL		490	10
Jan29	Segun	SL		78	2	Jan 26	Victor	PL		294	6
						Jan 28	Insurance	PL	60		
							Balancec/f		792	13,158	

			1,500	15,781	69				1,500	15,781	107
	Balance b/d		792	13158							

