**THIRD TERM JSS 2 BUSINESS NOTE**

**WEEK 1**

**TOPIC: INSURANCE DOCUMENTS**

**Meaning Of Insurance Document:**

Insurance documents are the documents issued as evidence in connection with an individual transit.

Insurance documents are those documents required in an insurance transaction.

**TYPES OF INSURANCE DOCUMENT**

1. Policy note or insurance policy

2.Certificates of insurance or insurance certificates

3. Insurance broker's note

4. Claim form

5. Insurance bills

6 cover Note

* **Insurance note or insurance policy**: is the policy that sets out all the terms and conditions of the contract between the insurer and the insured.
* **Certificates of insurance**: is evidence of insurance, but does not set out the terms and conditions of insurance. It is also known as cover notes.
* **Insurance brokers note**; indicates that insurance has been made pending issuance of policy or certificate.
* **Claim form**: A claim form is a document used to request compensation. Reimbursement, or benefits from an insurance company.
* **Insurance bill:** is a statement of money you owe for insurance coverage.
* **Cover note:** is a temporary insurance document that provides proof of insurance coverage until the actual policy is issued.

**WEEK 2**

**TOPIC: INSURANCE SCHEMES**

**Meaning of insurance schemes**

Insurance schemes is an act of providing financial protection for property, life, health against specified contingencies such as death, loss or damage. Is a means of protecting or safeguarding against risk or injury.

**TYPES OF INSURAMCE SCHEMES**

1. Pension scheme

2. Health insurance schemes

1.**Pension scheme:** is a type of insurance scheme where an employee contributes part of his or her current income to an insurance company with the aim to build a fund for his/her retirement.

The pension plan benefit is usually paid when members reach a specified retirement age (usually from 55 years) or an earlier exit of members from the plan.

**BENEFITS OF PENSION INSURANCE SCHEME**

\* It helps to provide individual with income when they are old and have stopped working.

\* It provides income for the family of the insured. e.g when he is no more.

2. **Health insurance scheme**: is a type of insurance where the insured pays a certain rate (premium) each month to the health insurance company, in return when the insured is sick, injured or have medical conditions, the insurance company pays the medical or surgical expenses depending on the type of health insurance coverage.

**BENEFIT OF HEALTH INSURANCE SCHEME**

\* It enables an insured to have access to better health care.

\* Protection from unexpected high medical costs.

**BENEFITS OF INSURANCE**

1. **Insurance cover losses**: life is filled with uncertainties, hence when the worst happened, insurance comes forth to cover losses.

2. **Financial stability**: insurance policies guarantee financial stability for a policy holder.

3. **Provision of economic protection**: it protects you against unexpected losses that can affects your finances.

4. **Maintains standard of living;** insurance gives a level of protection that ensures you maintain your standard of living.

5. **Protections against tragedy**; events such as flood and fire caused lightning which are not caused by human, can also be protected with insurance.

**WEEK 3**

**TOPIC: INSURANCES POLICIES**

**Sub-Topic: Types Of Insurance Polices**

1. Accident insurance

2. Fidelity Guarantee

3. Agricultural insurance

4. Export credit insurance

1. **Accident insurance**: is a form of insurance policy that offers a payout when people experience injury or death due to an accident. Is a type of insurance where the policy holder is directly in the event of an accident resulting to injury of the insured.

**Benefits**

\* It helps the insured to pay for medical bills and other expenses.

2. **Fidelity guarantee**: exists to safe-guard your firm or organization against theft.

**Benefit**

This policy protects the organization against loss of money.

3. **Agricultural insurance**: this helps to mitigate the financial loss of farmers in the event of crop/livestock failure due to natural disasters.

**Benefit**

\* It offers degree of cover to your farm crop/livestock and farm produce

\*It assists farmers in getting important tools for farming.

4. **Export Credit Insurance (ECI):** this policy protects an exporter of products and services against the risk of non-payment by a foreign buyer.

It also empowers exporters to meet, or beat their competitors by winning new customers and increasing sales to existing buyers.

**Benefits**

\* It Protect your sales from political risks

\* It Protect exporters in Nigeria against the risks of non-payment for goods and services exported.

\* They also empower exporters to beat their competitors.

**WEEK 4**

**TOPIC; LEDGER ENTRIES**

**Meaning Of Ledger**

The ledger is the principal book of accounts in which financial transactions in subsidiary books are permanently recorded.

A Ledger is the principal book that contains permanent records of all the transaction of a business in a classified and summarize form.

**ITEMS IN THE LEDGER**

1. A ledger is divided into separate sections called accounts.

2. A ledger account is divided by central double lines or one thick line into two parts.

3. The left side of each account in the ledger is the debit side abbreviated as Dr and it receives value

4. The right side the credit side abbreviated as Cr and it gives value.

5. Ledger has column for date, particular, folio, and amount on both side

**FORMAT OF A LEDGER**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Particulars | Folio | Amount  # : k |  | Date | Particulars | Folio | Amount  # : k |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

**IMPORTANCE OF THE LEDGER**

1. The ledger account is used to record financial transactions permanently.

2. It used to balance accounts at the end of the period/ year.

3. Balances in the ledger are used to prepare the trial balance.

4. It also used to correct errors the affect the trial balance.

**TYPES OF LEDGERS**

1. Sales ledger

2. Purchase ledger

3. General ledger

**PREPARATION OF LEDGER**

Example 1 Mr Olu started a Business with a capital of #50,000 in cash on 3rd February, 2025. Enter this information in the ledger

Dr Capital Account Cr

2025 # : k

Feb 3rd cash 50,000. 00

Dr Cash Account Cr

2025 # ; k

Feb 3 Capital 50,000. 00

Example 2. Adamson sold goods worth of # 30,000 in cash on 14th feb 2025. Enter this transaction in the ledger

Solution

Dr **Sales Account** Cr

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | particular | Amount # | Date | Particular | Amount # |
|  |  |  | Feb 14 2025 | cash | 30,000 |

Dr  **Cash Account**  Cr

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Particular | Amount # | Date | Particular | Amount # |
| Feb14 2025 | sales | 30,000 |  |  |  |

Example 3. Sule borrowed cash loan worth of 100,000 to set up a suya business from Alfred Micro-finance bank Ltd on 5th march 2025, enter this transaction in the ledger.

Dr **Creditor ( Alfred Microfinance bank) Account** Cr

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Particular | Amount # | Date | particular | Amount # |
|  |  |  | March5 2025 | cash | 100,000.00 |

Dr **Cash Book**  Cr

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Particular | Amount # | Date | Particular | Amount # |
| March5 2025 | creditor | 100,000.00 |  |  |  |

**WEEK 5**

**TOPIC: LEDGER ENTRIES**

**RECORDING OF CASH RECEIPT AND PAYMENT**

Cash received by an organization could be from sales of goods and services, capital, loans and bank account. When cash is received, two accounts are involved to record the transactions. One account gives cash and is credited in the cash book. The second account receives cash and is debited. This follows the rule of the double entry system that says credit the giver and debit the receiver.

ledger entries involving the receipts of cash from sales, two account are opened which is cash book and sales account.

Ledger entries involving the receipt form capital, when capital is raised to run a business, two accounts are involved, which is capital account and cash book.

Ledger entries involving the receipt of cash from a loan, when cash is received from loan, two accounts are involved to record the transaction, namely cash book and creditors accounts.

**MEANING OF DISCOUNT RECEIVED AND DISCOUNT ALLOWED**

A discount is the amount of money expressed in percentage deducted from sales, granted by a seller to a buyer in order to encourage bulk purchase of goods or prompt payment.

The discount granted by the seller to the buyer as a result of bulk purchase is called trade discount. While the discount granted by seller to the buyer as a result of prompt payment is called cash discount. The discount granted either as cash discount or trade discount by the seller is called discount received.

Discount received: refers to the amount of money deducted or subtracted from the original price of product or services. It is the discount on purchases made by the buyer.

Discount can be offered for various reasons, such as

* Promotions or sales
* Loyalty rewards
* Bulk purchases
* Special offers.

For e.g if a shirt originally costs # 100 and you get a 20% discount, the discount received would be 20% you will then pay #80

How to calculate discount received

e.g joy purchased goods in cash amounting to # 60,000 from supermarket, with the discount of 20% on 15th march 2025. Record this in the cash book and the ledger.

Solution

Purchase from the seller = # 60,000

Discount received by the buyer = 20% x 60,000

= 12,000

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Date | particular | Cash | bank | D | Date | particular | Cash | bank | D |
|  |  |  |  |  | 15 march 2025 | purchase | 48,000 |  | 12000 |

DISCOUNT ALLOWED; refers to the amount of reduction given to a customer from the original price of a product or service. It is the amount deducted from the selling price. It is the discount on sales made by the seller.

Discount allowed can be used to

* Drive sales
* Clear inventory
* Reward loyal customers
* Compete with other business

**WEEK 6**

**TOPIC: PETTY CASH BOOK**

**MEANING OF PETTY CASH BOOK**

Petty cash book cab be defined as a cash book for recording minor expenses. It is usually prepared by the petty cashier.

There are certain items of expenditure that are too small to be entered in the main cash book examples includes offices expenses, postage stamps and stationery items, e.t.c the usual business practices is to appoint a petty cashier to maintain a petty cash book in which transactions in such small items of expenditure are recorded.

**COLUMNS IN THE PETTY CASH BOOK**

A petty cash book is generally maintained on a column basis. A separate column is allotted for each type of expenditure. The is only one column on the debit side for petty cash IMPREST or float. The money received from the chief cashier from time to is usually recorded on the debit side. The credit side consists of several columns, every payment made is entered on this side twice.

**FORMAT OF A PETTY CASH BOOK**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Amount received** | **Cash book folio** | **date** | **particulars** | **Voucher number** | **Total** | **postage** | **Travelling** | **stationery** | **Folio** | **Personal account** |
| **~~N~~ : k** |  |  |  |  | **~~N~~ : k** | **~~N~~ : k** | **~~N~~ : k** | **~~N~~ : k** |  | **~~N~~ : k** |

Entry balances carried down and brough down in petty cash book

**PREPARATION OF A PETTY CASH BOOK**

Enter the following in the petty cash book of Dr. Jacob showing the analysis column for the expenses.

~~N~~

April 1 Cash deposit to petty cash account 30,000

April 2 Bought stamps 2,300

April 3 Office worker paid taxi fare to travel to a special meeting 5.000

April 6 Paper bought for general office purposes 6,500

April 10 Paid for printing 1,500

April 12 Paid for recharge cards 4,000

April 19 Paid B. Ada 10,000

**SOLUTION**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Amount received | Cash book folio | Date | particulars | Vouch. No. | Total | Postage | Travelling | stationary | Folio | Personal account |
| **~~N~~ ; K** |  |  |  |  | **~~N~~ : k** | **N : k** | **~~N~~ : k** | **~~N~~ : K** |  | **~~N~~ : k** |
| 30,000.00 | CB | Apr 1 | cash | **1** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  | Apr 2 | stamps | **2** | 2,300.00 | 2,300.00 |  |  |  |  |
|  |  | Apr 3 | Travelling exp | **3** | 5,000.00 |  | 5,000.00 |  |  |  |
|  |  | Apr6 | Paper | **4** | 6,500.00 |  |  | 6,500.00 |  |  |
|  |  | Apr 10 | Printing | **5** | 1,500.00 |  |  | 1,500.00 |  |  |
|  |  | Apr 12 | Recharge card | **6** | 4.000.00 | 4,000.00 |  |  |  |  |
|  |  | Apr 19 | B. Ada | **7** | 10,000.00 |  |  |  |  | 10,000.00 |
|  |  |  |  |  | 29,000.00 | 6,300.00 | 5,000.00 | 8,000.00 |  | 10,000.00 |
|  |  | Apr 31 | Bala c/d |  | 700.00 |  |  |  |  |  |
| 30,000.00 |  |  |  |  | 30,000.00 |  |  |  |  |  |
| 700,00 |  | may 1 | Bala b/d |  |  |  |  |  |  |  |

**WEEK 7**

**TOPIC: PETTY CASH BOOK**

**SUB-TOPIC: IMPREST SYSTEM**

**Imprest system:** is a method of managing petty cash, where a fixed amount of cash is allocated to a petty cashier or fund. It is a fixed amount given to the petty cashier. It is commonly used in businesses to manage small, routine expenses efficiently the imprest system helps to

* control petty cash expenses
* Simplify accounting and records-keeping
* Ensure transparency and accountability

**Petty cash retirement**: refers to the process of restoring the petty cash fund to its original imprest amount. When a petty cash fund is used, the amount reduced, to restore the fund to its original level, the following steps are taken

* The petty cash submits receipts and records for the expenses made.
* The submissions are verified and approved.
* The petty cash fund is restored with the amount spent.

**Reimbursement of cash**: refers to the process of repaying or refunding an individual or department for expenses they have incurred for business purposes

**WEEK 8**

**TOPIC: CASH BOOK/ LEDGER**

**MEANING OF CASH BOOK**

Cash book is a cash account where all cash receipts and payments are recorded within a period of time. The cash book is said to be a ledger account as well as a book of original entry.

The cash book is divided into two sides

1. Debit side which is on the left side
2. Credit side which is on the right side.

In making entries into the cash book, cash receipts are debited while all cash payment are credited in the cash book.

**TYPES OF CASH BOOK**

We have three types of cash book

1. Single -column cash book
2. Double -column cash book
3. Three-column cash book
4. Single -column cash book: is a cash book for recording only one type of transaction. It is a simple cash book with the following columns
5. Date
6. Particulars
7. Folio
8. Amount

**Format of a single column cash book**

Dr Cr

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Date | particulars | folio | Amoun  # ; k |  | Date | particulars | folio | Amount  # ; k |

Example 1

Enter the following transaction in the single-column cash book of Joyce ventures limited for the month of February 2025

#

Feb 1 Started business with cash 15,000

Feb 8 Cash purchases 1,000

Feb 12 Cash sales 5,000

Feb 15 cash payment for rent 1,700

Feb 17 cash payment for petrol 1, 500

Feb 18 cash payment for stationary 900

Feb 20 sold goods in cash 2,480

Feb 23 cash received from Adiza 750

Feb 25 cash payment for repairs 800

Feb 27 cash sales 1,500

Feb 28 cash purchases 1.500

Feb 30 cash payment to Ude 2, 500

**SOLUTION**

**Dr single -column cash book Cr**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Particulars | Folio | Amount  # ; k |  | Date | Particulars | folio | Amount  # ; k |
| Feb 1 | Capital |  | 15,000 |  | Feb 8 | Purchases |  | 1,000 |
| Feb 12 | Sales |  | 5,000 |  | Feb 15 | Rent |  | 1,700 |
| Feb 20 | Sales |  | 2, 480 |  | Feb 17 | Petrol |  | 1,500 |
| Feb 23 | Adiza |  | 750 |  | Feb 18 | Stationary |  | 900 |
| Feb 27 | Sales |  | 1,500 |  | Feb 25 | Repairs |  | 800 |
|  |  |  |  |  | Feb 28 | Purchases |  | 1,500 |
|  |  |  |  |  | Feb 30 | Ude |  | 2,500 |
|  |  |  |  |  |  | Balance | c/d | 14,830 |
|  |  |  | 24,730 |  |  |  |  | 24,730 |
|  | Balance | b/d | 14,830 |  |  |  |  |  |

**WEEK 9**

**TOPIC: CASH BOOK**

**Sub-topic: double column cash book**

The double column cash book, is the type of cash book that records both cash and bank transactions in two separate columns. it is designed to have cash and bank columns. The cash column is used for recording all transaction involving physical cash, while the bank column is meant for recording all transactions involving cheques.

Items of double-column cash book are date, particulars, folio, cash and bank

**CONTRA ENTRY;** refers to as a situation where a transaction is recorded on both sides of the double-column cash book. This indicates receipt and payment of an account.

Contra entry can arise under two situations. these are

1. When payment is made to the bank. In this situation, the double-column cash book must indicate the money that has been paid.
2. When cash is withdrawn from the bank, the amount is recorded by debiting the double column cash book with the amount in the cash column.

Example; enter the following transactions in a double-column cash book for the month march 2025

#

March 1 commenced business with cash in hand 5.900

Cash at bank 4, 800

March 5 Received cheque from Joyce 4,000

March 9 Cah purchases 2,100

March 11 Cash sales 2,000

March 15 Sold goods by cheque 4,800

March 18 Purchased goods by cheque 1,300

March 21 Cash payment for rent 1.690

March 23 payment for wages by cheque 5,000

March 25 Cash received from Ngozi Eke 7,000

March 30 Payment to Mr. Ita by cheque 900

**Solution**

**Dr two- column or double -column cash book Cr**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Date | particulars | folio | cash | Bank |  | Date | particulars | folio | cash | Bank |
| Mar 1 | capital |  | 5,900 | 4,800 |  | Mar 9 | Purchases |  | 2,100 |  |
| Mar 5 | Jocey |  |  | 4,00 |  | Mar18 | Purchases |  |  | 1,300 |
| Mar11 | Sales |  | 2,000 |  |  | Mar21 | Rent |  | 1,690 |  |
| Mar13 | Sales |  |  | 4,800 |  | Mar23 | Wages |  |  | 5,000 |
| Mar25 | Ngozi Eke |  | 7,000 |  |  | Mar30 | Mr. Ita |  |  | 900 |
|  |  |  |  |  |  | Mar30 | balance | c/d | 15,110 | 2,400 |
|  |  |  | 18,900 | 9600 |  |  |  |  | 18,900 | 9,600 |
| Apr 1 | Balance | b/d | 15,110 | 2,400 |  |  |  |  |  |  |

**WEEK 10**

**TOPIC; CASH BOOK**

**Sub-topic: Three Column Cash Book**

Three- column cash book: is a type of cash book that records cash, bank and discount transactions in three separates columns. Items of a three- column cash book are date, particulars, folio, discount allowed, cash, bank and discount received.

Types of discounts

1. Discount received
2. Discount allowed

Example

Enter the following transactions in the three-column cash book of Jude Eze for the month April 2025

April 1 commenced business with cash in hand 10,500

Cash at bank 12,700

April 2 Bought goods by cheque 5,000

April 8 Ngozi paid for her purchases in cash subject to 5% discount 2,000

April 10 paid for his purchases from Bukky by cheque, subject to 2% discount 5,000

April 15 Adamu paid for his purchases by cheque after deducting # 50 discount 2,000

April 20 cash purchases 3,000

April 22 sold goods by cash 13, 500

April 25 Kolajo paid for his purchases in cash less 5% 2,500

April 30 paid for his purchases from Nwosu cheque subject to #100 discount 1,800

April 31 cash sales 800

**Solution**

**Dr THREE- COLUMN CASH BOOK Cr**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Part. | folio | Disc. allowed | cash | bank |  | Date | Part. | Folio | Disc. receive | Cash | Bank |
| Apr 1 | Capital |  |  | 10,500 | 12,700 |  | Apr2 | Purch. |  | - | - | 5,00 |
| Apr 8 | Ngozi |  | 100 | 1,900 | - |  | Apr16 | Bukky |  | 100 | - | 4,900 |
| Apr 15 | Aamu |  | 50 | - | 1,950 |  | Apr20 | Purch. |  | - | 3,000 | - |
| Apr 22 | Sales |  | - | 13.000 | - |  | Apr29 | Nwosu |  | 100 | - | 1,700 |
| Apr 25 | Kolajo |  | 125 | 2,375 | - |  |  | Bal. | c/d |  | 25,575 | 3,050 |
| Apr 30 | Sales |  | - | 800 | - |  |  |  |  |  |  |  |
|  |  |  |  | 28,575 | 14,650 |  |  |  |  |  | 28,575 | 14,650 |
|  | balance | b/d |  | 25,575 | 3,050 |  |  |  |  |  |  |  |

**WEEK 11**

**TOPIC: CASH BOOK**

**Sub-topic; differences between petty cash book and cash book**

|  |  |
| --- | --- |
| **Petty cash book** | **Cash book** |
| 1. the petty cash book is handled by the petty cashier | Cash book is handled by the main cashier. |
| 1. Petty cash book is used for recording minor expenses. | Is meant for recording both small and large expenses |
| 1. The petty cash book has only one type. | Cash book has three types. |
| 1. Petty cash book is analytical | The cash book is not analytical |
| 1. The petty cashier is reimbursed with the amount spent at the end of the period. | The book-keeper of the cash book does not receive any reimbursement from the account |
| 1. It has columns for expenses and personal account | Does not have columns for expenses and personal account. |