**FIRST TERM**

**SCHEME OF WORKS**

**SUBJECT: BOOK-KEEPING**

**CLASS: SS 3**

**WEEKS**

1. Revision of 1st term’s work
2. Business organization

* Features of each type of business organisation

1. Business organisation

* Features
* Advantages and disadvantages of each type of business organisation.

1. Business organisation

* Advantages and disadvantages of each type of business organisation

**5-7.** Sources of capital

- Define capital

- Identify various sources of capital

**8.** Sources of capital

**9.** Explain each sources of capital

**10.** Income and expenditure Account

- Preparation of income and expenditure account.

**11.** Revision

**12.** Examination

**BOOK KEEPING**

**SS 3**

**WEEK ONE (REVISION)**

**WEEK TWO (2)**

**BUSINESS ORGANISATION**

**Business:** The term “business” describes the activities of individuals, institutions organizations to promote and distribute goods and services satisfying human wants in the society at large.

Objectives of business include the following.

a. Producing goods and services that satisfy customers’ needs and desires.

b. Creating employment opportunities.

c. Maintaining and improving the standard of living of people in the society for better health and well being.

d. Providing social amenities.

e. profit-making.

Classification of business according to the activities they engage in are as follows.

a. Basic extractive production such as farming, forestry, mining, fishing etc.

b. Processing or secondary production such as construction, manufacturing, printing, oil refinery etc.

c. Distribution (Commercial industry) such as retail and wholesale trading, transportation, warehousing, advertising etc.

d. Services-local state federal government services professional services such as law, surveying, medicine, insurance, real estate, finance, publicity, personal services.

**TYPES OF BUSINESS ORGANISATION**

The following are the major types of business units.

(i) The sole trader.

(ii) The partnership.

(iii) The limited liability companies-private and public.

(iv) The statutory corporations.

(v) The cooperative societies

(vi) The trade association chambers of commerce, employers and manufacturers Associations.

(vii) The civil services and local authorities.

**WEEK THREE AND FOUR (3 & 4)**

**A. THE SOLE TRADER**

The sole trader or the sole proprietor is a person who owns and runs a business i.e by himself and for himself.

**FEATURES OF THE SOLE TRADER**

1. Ownership: The business enterprise is owned by one person.

2. Objective: The main objective of the one man business is to make profit.

3. Source of capital: The capital required to set up and run the business is provided by the proprietor.

4. Liability: The sole proprietor has unlimited liability.

5. Legal entity: It is not a legal entity as the owner is not separated from the business.

6. Management: The business is controlled and managed by the sole proprietor himself.

7 Life span: The span depends on the owner. The enterprise can fold up any time.

**ADVANTAGES OF SOLE PROPRIETORSHIP**

1. It involves small capital.

2. It is easy to establish.

3. Taking of quick decision.

4. It is easy to manage.

5. It requires small operation.

6. All profits belong to the owner.

7. It can thrive in all business environment.

8. There is privacy conducting business affairs.

9. There is a close relationship between owner and employee.

10. There is a close relationship between owner and customers.

**DISADVANTAGES OF SOLE PROPRIETORSHIP**

1. Problem of continuity.

2. Inadequate capital.

3. He bears all risks alone.

4. It has unlimited liability.

5. It is not a separate legal entity.

6. He leads specialization.

7. There is limitation in expansion.

**B. THE PARTNERSHIP**

A Partnership is an association of two to twenty persons (or two to ten in the case of banking business), coming together for the purpose of business with a view to making profits.

**FEATURES OF A PARTNERSHIP**

(i) A partnership contract between the partner is the basis of the business.

(ii) Objective: The main objective of the partnership is to make profit.

(iii) Source of Capital: The capital required to set-up the business is provided by the partners based on legal agreement.

(iv) Liability: The partners have unlimited liability.

(v) Life span: The life span of the partnership depends on the agreement signed by the partners involved.

(vi) Legal entity: It is not a legal entity as the partners are not separated from the business.

(vii) Management: The business is controlled and managed by the partners.

**ADVANTAGES OF THE PARTNERSHIP**

1. More capital as a result of pooling of resources.

2. Possibility of expansion resulting from increased resources.

3. Division of labour/specialization among partners with sense of commitment.

4. Better credit-standing as creditors tend to be more confident in partnership than individuals.

5. Initiative and contribution of new ideas as each partner gives in his best.

6. Shared strain.

7. Shared losses.

8. Ensured continued success of the business.

9. Privacy as regards partners’ accounts.

**DISADVANTAGES OF THE PARTNERSHIP**

1. Unlimited liability.

2. Difficulty of dissolution or withdrawal of funds invested in the partnership.

3. Disagreement among partners as to who is the boss and on issues concerning the interpretation of partnership deed.

4. Death, resignation, retirement or bankruptcy of a partner leads to dissolution of the partnership.

5. Difficulty of admitting new partners.

6. Difficulty of management as a result of shared control based on collective judgments.

7. Limit to size of the business as it is a partnership.

**C. LIMITED LIABILITY COMPANY**

A Limited liability company is an association of individuals who contribute money or money’s worth to a common stock and employs it in some trade or business and share the profit or loss arising there from.

**TYPES OF COMPANIES**

1. The private Company and

2. The Public Company.

1. The Private Company can be formed by not less than two but the maximum must not exceed fifty, excluding past and present employees of the company.

A shareholder in a private company is not permitted to transfer his shares without the consent of the company.

The company cannot invite the general public to subscribe for shares.

2. The Public Company can be formed by at least seven shareholders. There is no maximum limit to the number of shareholders. To successfully achieve incorporation, the promoters must apply to the corporate affair commission Abuja and lodge the required documents with the registrar of companies.

**ADVANTAGES OF PRIVATE LIMITED LIABILITY COMPANY**

1. Large capital.

2. It has legal entity.

3. Shareholders have limited liability.

4. Continuity of existence.

5. Efficient Management

6. Large profits.

7. Possibility of expansion.

**DISADVANTAGES OF PRIVATE LIMITED LIABILITY COMPANY**

1. Limited Capital.

2. Shares are not sold to public.

3. Shares not easily transferable.

4. Lack of privacy.

5. Payment of corporate tax.

6. Lack of personal contact.

7. Delay in decision.

**ADVANTAGES OF PUBLIC LIMITED LIABILITY**

1. Legal entity.

2. Perpetual existence.

3. Limited Liability.

4. Large capital.

5. Transferability of shares.

6. Loan facilities.

7. Economies of large scale production.

8. Democracy in management.

9. Owners are separated from management.

10. Employees can become co-owners.

**DISADVANTAGES OF PUBLIC LIMITED LIABILITY**

1. Lack of privacy.

2. Conflict of interest.

3. Slow decision making.

4. Separation of owners from control.

5. Hard to establish.

6. Payment of large corporate tax.

7. Lack of flexibility.

8. Decrease in personal interest.

9. Large capital requirement.

**ASSIGNMENT**

1. What is statutory corporation?

2. State five (5) features of statutory corporation.

3. State five each of: (i) Advantages of statutory corporation.

(ii) Disadvantages of statutory.

4. Define cooperative societies.

5. State four (4) types of cooperative societies you know.

6. State five (5) each of: (i) Advantages of cooperative societies.

(ii) Disadvantages of cooperative societies

7. Briefly describe the following

(i) Trade Unions

(ii) Chambers of commerce

(iii) The civil service

(iv) Cartel

(v) Consortium

(vi) Syndicate

(vii) Price rings.

**WEEK FIVE (5) TO SEVEN (7)**

**SOURCES OF CAPITAL**

**Meaning**

**A. THE ACCOUNTANT POINT OF VIEW**

Accountants define capital as the original fund or money with which a person used to start a business. He considers capital as synonymous with money. Capital in this wise is the owner’s equity assets over liabilities.

**B. THE ECONOMIST POINT OF VIEW**

Economists must define capital as the resources or wealth made by men that are used for producing further wealth.

**C. THE LAYMAN’S UNDERSTANDING**

To the layman, capital is the total amount of money for running a business.

**SOURCES OF CAPITAL**

**A. SOLE PROPRIETORSHIP**

The sole proprietor can obtain his capital from the following sources.

i. Personal savings

ii. Loan from friends

iii. Trade credit

iv. Loan and overdraft from bank

v. Grants/Loans from government.

**B. THE PARTNERSHIP**

i. Loan and overdraft

ii. Trade credit

iii. Personal contributions from partners.