



ALPHA CHOICE INNOVATIVE ACADEMY

(International Secondary School)

4/6 Richard Okoroike Close, Praise Hill Estate, Arepo, Ogun State.

GRADE 8

SECOND TERM, 2022/2023 SESSION

BUSINESS STUDIES

MASTERNOTE

NAME: _____

OBJECTIVE: *By the end of this week, I will be able to*

- *explain the term Insurance*
- *enumerate the services rendered by insurance*
- *list the types of policies*
- *discuss the benefits of insurance*

WHAT IS INSURANCE?

Insurance is a financial provision made to protect individuals and organisations from losses which might be caused by unforeseen events, such as fire, accidents and burglary.



INSURANCE

Insurance companies are, therefore, financial institutions established to bear the risks of businesses and pay compensation to victim. Some insurance companies in Nigeria are:

- a. AllCO Insurance Plc
- b. Crusader Group
- c. Goldlink Insurance Company
- d. Great Nigeria Insurance Plc
- e. Guinea Insurance Plc
- f. Industrial and General Insurance (IGI) Plc

- g. Leadway Assurance Plc
- h. Nikon Insurance Plc

Basic principles of insurance

Basic principles of insurance which the student should know are as follows:

1. **Insurable risk:** an insurance agreement can only be reached when the chances of the event happening can be mathematically calculated.
2. **Insurable interest:** This principle states that nobody is allowed to insure anything in which he has no insurable interest. For example, the owner of a car is said to have insurable interest in the car because he stands to suffer personal loss if the car has an accident or if he will benefit financially from the insured car.
3. **Utmost good faith:** All relevant information of the insurer and the insured must be disclosed to each other before the contract of insurance is signed.
4. **Indemnity:** This principle states that, in the event of a loss, the insured must be restored to the position he/she was in before the loss.
5. **Subrogation:** This principle is when the insurance company takes the place of the insured after it has duly indemnified the insured by making necessary payments. For example, the insurance company can sell as scrap a car that is involved in an accident after the owner (the insured) has been indemnified. The money realized from the sale of the car must be given to the insurance company (the insurer).
6. **Proximate cause:** This principle states that the loss or damage must be linked originally with the risk insured against. For example, if a car was insured against accident, the insurer will not pay if the car is stolen.

Services provided rendered by insurance companies

1. Insurance companies advice their clients on the appropriate means of protecting lives and property.
2. They mobilize funds from many clients through the collection of premiums.
3. They help to invest their clients' money to yield interest or more money.
4. They pay compensations to clients who have suffered loss or experienced unfortunate events.
5. Insurance companies grant loans to businesses as active participants in the financial market.
6. They provide cover for bank deposits.

TYPES OF INSURANCE

1. **Fire insurance:** This contract covers the burning of buildings, furniture, machine and other assets. It can be taken 'with average' clause or 'without average' clause.
2. **Vehicle insurance:** Is meant to provide compensation in case of road accidents, theft and other hazards. All vehicle owners must have vehicle insurance.

Three options are available for vehicle insurance as follows:

- a. **Third party insurance:** This covers another person whose vehicle has been damaged by the insured. A third party is neither the insurer nor the insured.
 - b. **Third party fire and theft:** This compensates a third party whose vehicle is damaged as well as the insured whose vehicle is burnt by fire.
 - c. **Comprehensive insurance:** This policy provides complete coverage for the insured and third parties in case of fire, damage, theft, injuries or even death.
3. **Theft and burglary insurance:** This contract covers cases of stealing and breaking into a property. The items taken away by the thieves are replaced by the insurance company.
 4. **Marine insurance:** This covers unfortunate events that might occur when goods and passengers travel by sea. This type of insurance is compulsory in international trade.
 5. **Aviation insurance:** this provides compensation in case of air mishaps leading to the destruction of lives and property.
 6. **Fidelity guarantee insurance:** This is meant to provide compensation in case an employee makes away with the money of the business.
 7. **Life assurance:** This contract helps to provide for the future of a person or the future of their relatives. The word assurance is used because it is certain that people will fall ill or die when the time comes.

There are many types of assurance contracts. They include:

- a. **Pension scheme:** Under this scheme, an amount is deducted from the salary of the assured every month until he/she retires. A huge sum is given to the assured upon retirement. If he/she dies before retirement, the money is given to his/her relations.

- b. **Health insurance:** A small percentage is deducted from the salary of the assured every month. If the assured falls ill, the insurance company pays for the medical treatment.
- c. **Endowment assurance:** In endowment assurance, the assured pays premiums regularly, in order to save towards an important need, like the education of the children.
- d. **National Health Insurance Scheme (NHS):** This is a contributory health insurance scheme meant for providing medical care to the contributor who may be an individual, an employee, a private sector employer, or the government. It is designed to make health services more easily available to many Nigerians, in order to improve the good health status of the population.

Beneficiaries of the National Health Insurance Scheme are:

- a. An employee who has made contributions to the scheme.
- b. The wife or husband of such an employee together with their four children who must not be above eighteen years.
- c. Any individual in society whether employed or not who contributes to the scheme.

Benefits of insurance

1. Individuals and organization feel secure when they are insured. They are at peace.
2. It facilitates domestic and foreign trade because the risks of business are reduced.
3. It helps people to develop the habit of saving part of their income.
4. Insurance makes employees work harder because their future has been taken care of.
5. Life assurance enables people to make financial provision for their relations or dependents.
6. It is possible to get loans from the bank with your insurance certificate.
7. Life assurance ensures people do not suffer after retirement.
8. Insurance as a business provides job opportunities for thousands of people.

ACTIVITY:

1. ____ ensures people do not suffer after retirement (a) Insurable risk (b) Aviation insurance (c) Life assurance (d) Marine insurance
2. Insurance is not important. (a) True (b) False (c) Not really (d) Maybe
3. ____ compensates a third party whose vehicle is damaged as well as the insured whose vehicle is burnt by fire. (a) Third party insurance (b) Health insurance (c) Comprehensive insurance (d) Third party fire and theft
4. One of these is odd (a) Cloth insurance (b) Marine insurance (c) Life assurance (d) Fire insurance
5. ____ ensures that risk can be mathematically calculated (a) Insurable risk (b) Subrogation (c) Proximate cause (d) Indemnity
6. The full meaning of NHS is ____
7. ____ covers unfortunate events that might occur when goods and passengers travel by sea.
8. ____ policy provides complete coverage for the insured and third parties.
9. states that, in the event of a loss, the insured must be restored to the position he/she was in before the loss.
10. Individuals and organization feel ____ when they are insured

ASSIGNMENT:

- Considering the benefits of insurance, will you advice your parent to go for it? Yes/no, give 3 reasons for your answer.

WEEK 2 PERSONAL QUALITIES OF AN ENTREPRENEUR

Objectives: *This week, I will know and be able to explain*

- *meaning of entrepreneurship, entrepreneur*
- *the aspects of entrepreneurship*
- *personal qualities of an entrepreneur*

Introduction

Behind every successful business, there are people willing to give all they can to make a success of the enterprise but not everyone can become a successful entrepreneur. This is because there are some personal qualities such a person must possess to make a success of whatever business has been established.

What is entrepreneurship?

Entrepreneurship entails starting and organizing business with determination to succeed regardless of the risks involved.

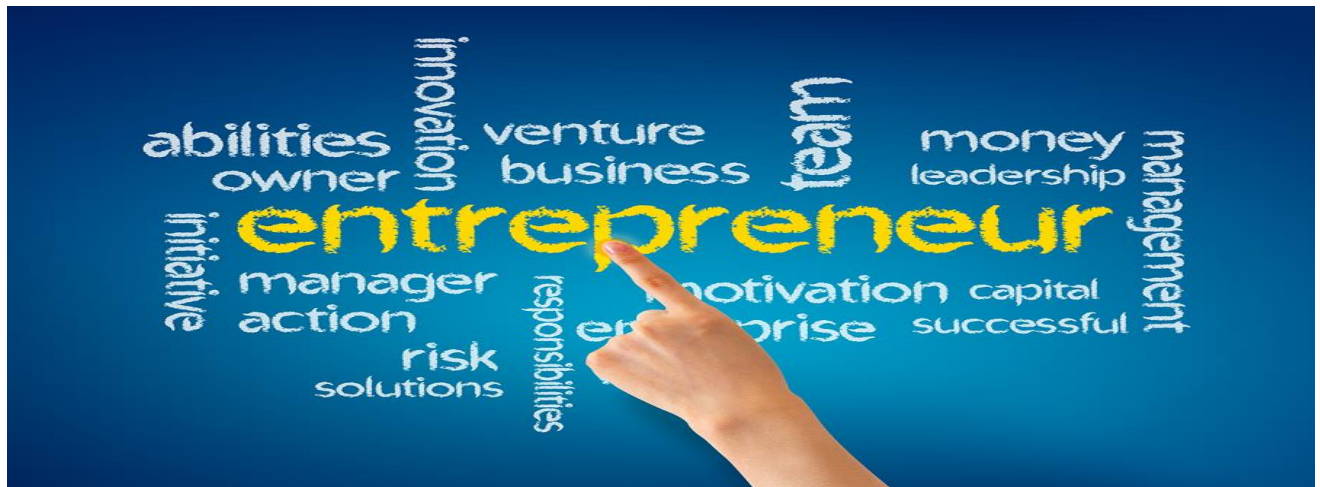
Aspects of entrepreneurship

There are three aspects of entrepreneurship. They are:

1. **Ownership:** an individual who start a business is regarded as owner or founder or entrepreneur.
2. **Organizing:** an entrepreneur has to employ competent workers, buy materials organize and coordinates the other factors of production.
3. **Risk-taking:** an entrepreneur must be prepared to face the financial consequences should the business fail.

Who is an entrepreneur?

An entrepreneur is a risk-taker who establishes a business by providing the necessary finance and organise the other factors of production. An entrepreneur is otherwise known as a **proprietor**



Personal Qualities of Entrepreneur

The following are some of the personal qualities a successful entrepreneur should possess:

1. **Self-confidence:** entrepreneur usually have a high esteem without being arrogant. They do not doubt whether they can succeed or not. They believe they have all it takes to compete favourably with their rivals in the world of business and are confident of succeeding. This is shown in the way they run their businesses.
2. **Intelligence:** many entrepreneurs are very brilliant people with immerse talents, gifts and managerial skills.
3. **Discipline:** entrepreneurs must keep to terms and rules they have set for themselves in order to make business work.
4. **Courage:** entrepreneurs must be bold to take certain steps and do some uncommon things in business.
5. **Creativity:** entrepreneurs are always seeking new ways to make their businesses better, solve problems and produce items that will meet society's needs.
6. **Open-mindedness:** entrepreneurs utilise the people, skills and potentials around them effectively to grow their businesses. They realise that every event or situation is a business opportunity.
7. **Commitment:** an entrepreneur that will succeed must be willing to work extra hours and devote all their physical and mental efforts to the business.

8. **Determination:** successful entrepreneurs never give up. They keep going on no matter the obstacles because they believe things will get better.
9. **Competitiveness:** entrepreneurs make sure they do their jobs better so that people can patronise their businesses more than they do to their competitors.
10. **Team player:** successful entrepreneur interact effectively with other people, work well on a team project and show excellent motivational skills

ACTIVITY:

1. An entrepreneur is otherwise known as a ____ (a) installer (b) partner (c) proprietor (d) contractor
2. Entrepreneurs must be ready to give ____ to make a business successful (a) all that is needed (b) somethings that are needed (c) just money (d) Only car
3. ____ entails starting and organizing business with determination to succeed regardless of the risks involved. (a) Entrepreneurship (b) Organization (c) Installation (d) Industry
4. One of these is odd (a) determination (b) team player (c) discipline (d) discouragement
5. An entrepreneur is a _____ (a) risk dodger (b) risk lover (c) risk hider (d) risk keeper
6. An individual who starts a business is regarded as _____ of a business.
7. What does it mean by an entrepreneur to be creative?
8. The aspects of entrepreneurship are _____.
9. An entrepreneur having a high esteem without being arrogant is called _____.
10. An entrepreneur should be _____

ASSIGNMENT:

- Why should an entrepreneur have the following:
 - a. Strong people skills
 - b. Passion and
 - c. confidence

Objective: *This week I will be able to:*

- *define the term ‘Business opportunities’*
- *explain how to discover business ideas*
- *identify business opportunities*

Meaning of business opportunity

A business opportunity refers to a gap in the market (i.e. unsatisfied needs and wants) which entrepreneurs can satisfy by providing suitable goods and services. It also means the identification of possible goods and services within the environment that might become a business in which an entrepreneur can invest.

It is therefore important to note that business opportunities are hidden inside problems faced by individuals, organisations, communities as well as government. An entrepreneur has to look around and within the environment where he/she lives in to identify possible opportunities and challenges before setting up a business.

Business opportunities start with business ideas and entrepreneurs must look for innovative ideas that can be transformed into business opportunities.



How to Identify (Discover) Business Opportunities

A lot of entrepreneurs discover business ideas and opportunities through:

- i. **Personal experience:** a person can have a business idea as a result of his/her personal experiences. For example, Kanu Nwankwo set up the 'Kanu Heart Foundation' to help raise money for the treatment of children with heart diseases because he once survived heart surgery.
- ii. **On-the-job exposure:** a person can have a business idea from his/her experiences and exposure on certain job or business. For example, Mr A has opened a private school after teaching in a private schools for several years.
- iii. **Talents:** business ideas and opportunities can come from ones talent or gift. For example, David Becklam owns a Football club in the United State of America because he is a gifted footballer.
- iv. **Life-long dream:** some people have always dreamt of becoming important personalities which they usually become on the long run.
- v. **Market research:** is one of the most effective ways of finding out the needs and wants of consumers where business opportunities are hidden. Entrepreneurs carry out primary and secondary researches in order to find out the unsatisfied needs and wants of people. These are done through questionnaires, interviews, observations, internet etc.

Types of Business Opportunities

These are:

1. **Local business opportunities:** the community we live provides lot of business opportunities for us. These include; starting a cobbler's shop, salon, bakery, transporting passengers and goods using buses, taxis, tricycles, selling raw food items like garri, rice, beans.
2. **National business opportunities:** they are businesses that can be done within the country on a large scale. These include;
 - i. Operating chain stores and franchise across the country. For example, pack 'n' shop, Mr Biggs
 - ii. Operating an advertising agency
 - iii. Establishing radio or television station like AIT, Channels
 - iv. Setting up a construction company like Dantata

- v. Operating a bank or insurance company
3. **International business opportunities:** they are businesses that are done at the international level. These include:
- a. Setting up multinational businesses such as Nestle Plc., Chevron Plc.
 - b. Importing consumer and industrial goods
 - c. Exporting locally made products to other countries
 - d. Running an airline or shipping company
 - e. Trading in foreign exchange (forex).

Business Sector and the Type of Business

S/N	Business Sector	Type of Business
1	Agriculture	Farming and sale of farm products
2	Fishing	Commercial fishing, fish processing
3	Food	Manufacturing/making and selling of food
4	Manufacturing	Making products from raw-materials such as dresses, shoes
5	Tourism	Providing entertainment for tourists, tours guide
6	Entertainment	Dance, drama, music, TV/radio presentation
7	Hospitality	Providing food and accommodation services
8	Transportation	Transporting people and goods from one place to another
9	Construction	Building and constructing roads, houses, bridges
10	Health	Establishing hospitals, pharmaceutical shops, sports services.

ACTIVITY:

1. A person can have a business idea from his/her ____ (a) keypad (b) experience (c) bag (d) body
2. An entrepreneur has to look ____ for business ideas (a) within (b) without (c) everywhere (d) all of the above
3. Business opportunities start with business ____ (a) idea (b) conversation (c) plan (d) house
4. ____ refers to a gap in the market which entrepreneurs fill. (a) Business ideas (b) Business opportunities (c) Business discipline (d) Business goal
5. The opportunities that show up in our community refer to ____ (a) international business opportunities (b) national business opportunities (c) local business opportunities (d) external business opportunities
6. ____ refers to a gap in the market which entrepreneurs can satisfy by providing suitable goods and services.
7. Entrepreneurs must look for innovative ideas that can be transformed into ____
8. ____ are businesses that can be done within the country on a large scale.
9. ____ is one of the most effective ways of finding out the needs and wants of consumers where business opportunities are hidden.
10. ____ are businesses that are done at the international level.

ASSIGNMENT:

1. Why is market research important?



This week I will be able to explain the meaning of consumer rights, explain the origin of consumerism and discuss the eight universal rights of consumers.

Meaning of Consumer Rights

Consumer rights are rights aimed at protecting consumers when they buy goods or are rendered services.

They can also be referred to as liberty which end-users of products are entitled to. They are those good things consumers are free to enjoy or benefit from. Consumer rights aim to ensure that consumers are satisfied with goods or services provided or received. Wise entrepreneurs understand the importance of treating consumers as kings and queens. Such entrepreneurs help to protect the rights of consumers.

Definition of Terms

- **Consumers** are people or organisations that make use of goods and services. Consumers are also called **end-users**
- **Customers** are people or organisations that purchase or buy products.

Origin of consumerism

Consumerism refers to the coming together of end-users of products to fight for their own rights and protect their common interest. Consumerism is also a set of policies aimed at regulating the products, services, methods and standards of manufacturers, sellers and advertisers in the interest of the buyer.

Consumerism is a movement which was believed to have originated from United State of America many decade ago. Consumers at the time felt that the government did not enforce consumer protection law effectively. A group of people therefore took it upon themselves to sensitise other consumers about the need to unite and adopt a non-violent means of protecting themselves from exploitation.

Consumer rights

The following are the rights the consumer enjoys. They are usually referred to as the **eight universal consumer rights**:

1. **Right to be informed:** producers owe it to the consumer to give accurate and up-to-date information about products offered to them. Full information regarding the quality, price weigh, manufacture date, contents of product etc. of the product should be made available. The consumer also has a right to be alerted on any increase in price, quality change etc.
2. **Right to safety:** the consumer has the right to purchase products that are safe and not injurious to his/her health. For instance, nobody would like to buy and drive a car with a faulty brake system.
3. **Right to redress:** consumers have the right to lodge complaint about their dissatisfaction about products or services. If the business does not put things right, the consumer can proceed to the court of law and sue the business for damages or specific performance.
4. **Right to choose:** consumers have right to choose products freely among alternatives without force or intimidation. They must not be forced to buy any product especially in a situation of a monopoly.
5. **Right to get value for money:** the consumer has right to be adequately compensated with satisfaction for whatever product purchased with warrantee or guarantee. Product should meet the needs and wants of consumers by performing to expectation.
6. **Right to fair pricing:** amount charged for goods and services should be moderate and not exorbitant. Traders should avoid using pricing techniques that violate the right of consumers.
7. **Right to be heard:** a consumer has the right to be heard for mistake committed by a third party in order to get redress. Customers and consumers should be free to express their views on goods, services, the business and its employees.
8. **Right to a clean environment:** a consumer has a right to shop for his/her needs in a healthy, accident-free, clean and secure environment.

Business premises where consumers are attended to must be free of dirt or litters.

ACTIVITY:

1. Consumers have right to _____ (a) not be heard (b) safety (c) insult (d) delay
2. One of these is odd (a) Right to fair pricing (b) Right to redress (c) Right to choose (d) all of the above
3. Consumers are also called _____ (a) end-users (b) ends-meet (c) end-views (d) None of the above
4. Consumerism is a movement which was believed to have originated from _____ (a) United States of America (b) United Kingdom (c) Scotland (d) USSR
5. The coming together of end-users has to do with _____ (a) cooperative (b) organization (c) entrepreneurship (d) consumerism
6. Consumers have right to get value for _____
7. _____ are people or organisations that purchase or buy products.
8. Consumers have right to _____.
9. _____ is when producers owe it to the consumers to give accurate and up-to-date information about products offered to them.
10. _____ refers to the coming together of end-users of products to fight for their own rights and protect their common interest.

ASSIGNMENT:

- Differentiate between consumerism and consumer rights

WEEK 5

RESPONSIBILITIES OF A CONSUMER

Objectives: *This week I will be able to:*

1. *define consumer responsibility*
2. *list responsibilities of consumers*
3. *explain each of the responsibilities of consumers*

Consumer responsibility refers to the role a consumer plays in the way that goods or services are provided and made available to the public. It also refers to things which end-users are expected to do before, during and after buying or using products.

Responsibilities of a Consumer

Consumer Protection Council (CPC) clearly states the rights as well as the responsibilities of consumers. Some of the responsibilities are:

1. **Self-education:** it is the duty of consumers to educate themselves about their rights. Consumers must take necessary steps to collect adequate information about goods and services in the market as well as the providers of such goods and services.
2. **Expression of needs:** customers and consumers are expected to seize every opportunity to tell producers and the organisations their specific needs, wants and expectations.
3. **Due care:** customers and consumers must pay special attention to details of products before buying them. This is in line with the principle of **caveat emptor** which means “**buyers beware**”. It is their responsibilities to notice any breach in the product and report to appropriate authorities.
4. **Adherence to instructions:** consumers must follow products instructions to the letter and take all precautionary measures suggested by the manufacturers.
5. **Proper action:** customers and consumers must avail themselves of measure and laws aimed at defending their rights.
6. **Order priorities:** consumers must identify their needs and wants in order of importance by constructing a scale of preference. This will prevent impulse buying and making wrong choices.

7. **Environmental consciousness:** consumers should understand that consumption affects the community and the environment. Hence, consumers must try to protect the environment as much as possible.
8. **Support for consumerism:** consumer is expected to join hand with other consumers to protect their own interest using legitimate means. It is the responsibility of the consumer to be in solidarity with other consumers, to come together, organize and have the strength to influence and promote their mutual interest.

ACTIVITY:

1. _____ is when customers and consumers must pay special attention to details of products before buying them. (a) Due care (b) Need expression (c) Proper action (d) Self education
2. _____ is the duty of consumers to educate themselves about their rights. (a) Due care (b) Need expression (c) Proper action (d) Self education
3. _____ is when consumers must follow products instructions (a) Due care (b) Need expression (c) Adherence to instructions (d) Self education
4. The consumers are expected to _____ their needs (a) express (b) keep (c) stop (d) consider
5. CPC means _____ (a) Consumer Participation Council (b) Consumer Preparation Council (c) Consumer Participation Contact (d) Consumer Protection Council
6. _____ refers to the role a consumer plays in the way that goods or services are provided and made available to the public.
7. Caveat emptor means _____.
8. Responsibilities of consumers include _____ and _____
9. Consumers have the responsibility of taken _____ actions in defending their rights.
10. Consumers must identify their needs and wants in order of importance by constructing _____.

ASSIGNMENT:

- Differentiate between consumers right and consumers responsibilities.

Objective: *This week I will be able to:*

- *define needs and wants.*
- *differentiate between needs and wants*
- *state steps involved in making decisions about needs and wants*
- *explain impulse buying, causes and its effects*
- *identify after-sales services available to customers*

Meaning of need and want

A need is something that is essential for a person to function effectively. Needs are goods and services which we cannot do without. They are called the basic necessities of life. Our basic needs are: i. food (ii) shelter (iii) clothing (iv) medical care

A want is something that an individual wishes to have but may not necessarily need. Wants are goods and services which one desire but are not essential for his/her existence. Examples are: (i) expensive cars (ii) mansions (iii) I-pad (iv) foreign holidays etc.



Shopping

Differences between needs and wants

It is necessary to know the difference between need and want in order to have control over our spending pattern.

The following are some of the differences between need and want:

S/N	Need	Want
1	Needs are basic living essential for survival	Wants do not determine existence or survival
2	They are either provided by nature or made by human beings e.g. oxygen, water, food	They are material things designed and made by human beings
3	They can/should not be compromised	They may be avoided.
4	Needs are limited	Wants are unlimited

Shopping tips

The following are some shopping tips that will help you to make good decisions about your needs and wants:

Step 1: Create a list of the items you wish to purchase

Step 2: Budget for each of the items

Step 3: Separate your needs from your wants

Step 4: Calculate all costs

Step 5: Prepare a scale of preference. Decide in advance exactly what you want and what you can afford

Step 6: Gather information from family and friends on their experiences about the product, item or service.

Step 7: Get price quotations from several sellers of the product.

Step 8: Make sure the seller or service provider has appropriate license; for instance a lawyer or pharmacist should have an operation license.

Step 9: Do not purchase an item until you are sure you really need it.

Step 10: Buy quality items

Step 11: know your rights: get assurance of quality, warranty and after-services (if applicable).

Step 12: Explore your wardrobe before going for shopping: sometimes you buy what you already have.

Definition of Terms

Scarcity: occurs when limited resources are available to satisfy unlimited wants. For example, you have N500 in your pocket and you want the following items:

Wristwatch 300, Face-cap 200, Recharged card N100 and pen N50

Obviously, your money will not be able to get all the items at once. This is the problem of scarcity. But there is a way out; you can make a choice but before that, you may need to prepare a scale of reference.

Scale of reference: is a list of wants arranged in order of importance or priority. The most important wants come first followed by less important ones.

Choice: involves selecting or picking a product instead of another. The product which has been chosen can be bought immediately and the purchase of other products can be postponed. Choice eventually leads to opportunity cost.

Opportunity cost: is the alternative forgone as a result of making a choice. It is the benefit you could have enjoyed from the item you decided to go without.

Opportunity cost is also called the **next best alternative** or **real cost**.

Impulse buying: is buying an item, product or service suddenly without thinking carefully. This occurs when somebody ends up purchasing a product which he/she did not plan to buy. Sometimes, buying an item on impulse can be a huge waste of money, as the item may not get to be used.

Causes of impulse buying

1. Attractive display
2. Enticing promotional offers e.g. buy-one-get-one-free
3. Persuasive sales people
4. Peer pressure

Bad effects of impulse buying

- i. It distorts scale of your preference
- i. It put your budget in jeopardy
- ii. It may makes you forgo important needs
- iii. It usually leads to regret later on.

- iv. It may force you to acquire an item you already have a substitute for.

After-sales service: is service that is made available to the buyer after he/she has purchased an item, product or service. It includes various measures or activities put in place by producers or traders to take care of customers' interest even after goods have been paid for. This is in line with the principle of consumer sovereignty, which means that **customers and consumers** should be treated as **kings and queens**.

Example of after-sale services

1. **Product recall:** this method is used by large companies. It operates as follows; if two or more customers complain about a particular product, the manufacturer will ask all the people who bought from that batch to come back and get a replacement.
2. **Free installation:** installation is the act of fixing equipment or furniture in position so that it can be used. Some manufacturers help customers to fix the products for free. For example, Multichoice can offer to install DSTV dishes for free.
3. **Free delivery:** some organisations transport goods to the warehouse of buyers at no cost at all to the customer.
4. **Free maintenance:** some equipment especially heavy machinery, when purchased come with a maintenance arrangement for a specified period of time. This is common with large factories. Sometimes, traders or manufacturers send their personnel to repair products without charging customers for the services while some even give customers free spare parts.
5. **Warranty:** is a written assurance given by a manufacturer that the product will be repaired or replaced if anything goes wrong within a given period, usually one year.
6. **Operation of a product:** occurs when seller ensures that he operates the product for the buyer for a specific time before handing it over to the purchaser. It is usually done to ensure maximum performance of the product.

Importance of after-sales services

- i. **Consumer satisfaction:** consumers that benefit from after-sale services get full value for their money.

- ii. **Brand loyalty:** customers become hooked as a result of after-sale services. They would prefer to purchase repeatedly from same company rather than those offered by competitors.
- iii. **Good reputation:** a business that offers after-sales service enjoys an excellent relationship with members of the public.
- iv. **Improved financial figures:** businesses that offer after-sales services are bound to enjoy increase in sales and profits. This will makes it easy for such businesses to expand and achieve their goals.

ACTIVITY:

1. After-sales service gives _____ (a) Due care (b) customer need (c) customer action (d) customer satisfaction
2. _____ is the duty of consumers to educate themselves about their rights. (a) Due care (b) Need expression (c) Proper action (d) Self education
3. _____ is a written assurance given by a manufacture that the product will be repaired or replaced if anything goes wrong within a given period. (a) Warranty (b) Guaranty (c) Assurance (d) Education
4. Opportunity cost is also called _____ (a) real cost (b) partial cost (c) external cost (d) overhead cost
5. Customers are to be treated as _____ (a) Kings (b) Queen (c) Special (d) all of the above
6. _____ is service that is made available to the buyer after he/she has purchased an item, product or service.
7. What is product recall?
8. _____ occurs when limited resources are available to satisfy unlimited wants.
9. _____ is something that is essential for a person to function effectively.
10. _____ involves selecting or picking a product instead of another.

ASSIGNMENT:

- What does it the relationship between choice and opportunity cost?
- Differentiate between guaranty and warranty.

Objectives: *This week I will be able to:*

- *explain transparency, accountability and probity*
- *state the needs for transparency, accountability and probity.*
- *list the attributes of transparency, accountability and probity*
- *describe the problems/challenges created by the lack of 'TAP'*
- *explain due process and its operations*

Ethic is a code of conduct or moral rules that a person in a profession or business should imbibe and maintain.

Bookkeeping ethics are the acceptable ways or modes of behavior for bookkeepers and accountants all over the world.

They are the good practices which govern accounting profession. Any act of disobedience or refusal to follow these standards or rules are regarded as unethical or unprofessional, so attract consequences or penalties.



BOOKKEEPING ETHICS



BOOKKEEPER

Meaning of 'TAP'

TAP is an acronym for Transparency, Accountability and Probity. These three words summarise the foundation of bookkeeping ethics and standards.

TAP implies that bookkeepers and accountants must be trustworthy, plain and responsible in discharging their duties;

1. **Transparency:** entails being plain about one's activity, revealing all the necessary details. A person is transparent if he/she is honest and trustworthy. Transparency is therefore the quality of being honest.

2. **Accountability:** means being responsible for one's decisions, actions and money kept in one's care. It is a transparent manner of doing things so that everybody will clearly see what you have done. Accountability is therefore an obligation to expose, explain and justify actions.
3. **Probity:** means to be upright, or have high moral integrity. It requires being honest in the way you handles your position, responsibility, fund in your custody and office.

Attributes of TAP

For an institution, government or business to be known to be transparent, accountable and probity in their dealings, there are certain attributes they must exhibit. These include:

- a. **Truthfulness:** this involves being trustworthy as a result of expressing issues exactly the way they are.
- b. **Openness:** means being open-minded. Very action taken must be opened to public debate and criticism.
- c. **Fairness:** is act of not being biased or partial. This means that the same set of rules must be applied to everyone.
- d. **Due process:** means that the laid down procedure in carrying out any action must be followed in the discharge of duties.
- e. **Respect for the rule of law:** means that what the law say must be obeyed to the letter no matter who is involved. Bookkeeper and accountants must understand that they are not and cannot be above the law of the state or government. Hence, they must be law abiding citizens.
- f. **Free flow of information:** information on any aspect of an action taken must be made available to those interested in finding out what has happened.

Needs for TAP

It is important to encourage transparency, accountability and probity in the management of the affairs in both private and public sectors for the following reasons:

- i. To minimize the rate at which public funds are misappropriated.
- ii. To create public awareness about how financial issues are handled.
- iii. To minimize or eliminate bribery and corruption.
- iv. To make it possible for foreigners to invest in our economy.
- v. To increase the level of trust in the accounting of office-holders in both private and public sectors.
- vi. To give the members of the public an opportunity to express their views about financial matters.

- vii. To establish a known and acceptable way of doing business
- viii. To institute good government and good governance
- ix. To reduce wastage of tax money
- x. To institute openness in all forms of business transactions

Problems created by lack of TAP

- 1. It increases in the incidence of bribery
- 2. It influences nepotism: giving jobs only to relations
- 3. Embezzlement of public funds
- 4. Delay in payment
- 5. Money laundering: public funds regularly get transferred to illegal foreign private account government business
- 6. Disregard for the rule of law
- 7. It increases in the incidence of fraud
- 8. It can leads to bad government and bad governance
- 9. Lack of openness in the conduct of

Solutions to lack of TAP

- i. **Due process:** all stakeholders must insist on due process. Everyone must follow the laid down procedure for dealing with issues and taking decisions.
- ii. **Auditing:** source documents and accounts of organisations must be inspected regularly and sometimes without notice by internal and external auditors.
- iii. **Open door policy:** open door policy should be adopted to encourage people to report suspected causes of misappropriation of funds to relevant authorities.
- iv. **Severe sanction:** offender should be prosecuted and jailed.
- v. **Public enlightenment:** enough awareness should be created using various media.
- vi. **Computerized operations:** many negative effects of lack of TAP will be eliminated if manual procedures are replaced by computer operations.
- vii. Improved condition of service: salaries and wages of workers in private and public sectors should be increased to reduce incidence of corrupt practice.
- viii. There should be respect for the rule of law
- ix. All government and private sectors actions should be opened to scrutiny.

Due process and its operation

When a government establishment needs goods or services, the following procedures are followed in order to minimise corruption in form of bribes, procurement fixing, competition and collusion in bidding, nepotism and patrimony.

Step 1: the need for any good or service is identified and it is ensured that is contained in the budget for the year.

Step 2: the establishment publicizes the need for such good or service by advertising it in the media for vendors to express their interest.

Step3: vendors submit proposal to meet the requirement as specified in the advertisement.

Step 4: the establishment, following the laid down procedures and processes, evaluates vendors' proposals and selects a winner or winners.

Step 5: winner's proposal is sent to the **Bureau for Monitoring and Price Intelligence Unit (BMPIU)** otherwise known as **due process office** in the presidency, for ratification and for the purpose of informing the office of the accountant General to cash back the contract. Due process certificates are signed.

Step 6: vendor performs the contract as quoted

Step 7: due process certificate is sent to the Central Bank of Nigeria, where the Accountant General's office has kept funds for the contract in the name of the contractor. Attached to the due process certificates is the **performance report**

Step 8: vendor is paid for services rendered.

ACTIVITY:

1. One of these is odd (a) Due process (b) Open door policy (c) customer action (d) Auditing
2. One of these is not a problem of lack of TAP (a) Due care (b) Bribery (c) Embezzlement (d) Nepotism
3. TAP is not needed to _____. (a) control corruption (b) handle investment (c) ensure nepotism (d) ensure trust in accounting operation
4. _____ means that what the law say must be obeyed to the letter no matter who is involved (a) Respect for the rule of law (b) Truthfulness (c) Due process (d) Free flow of information
5. _____ means being responsible for one's decisions, actions and money kept in one's care. (a) Accountability (b) Probity (c) Openness(d) Transparency
6. _____ are the acceptable ways or modes of behaviour for bookkeepers and accountants all over the world.

7. _____ is a code of conduct or moral rules that a person in a profession or business should imbibe and maintain.
8. _____ means to be upright, or have high moral integrity.
9. _____ is act of not being biased or partial.
10. _____ means action taken must be opened to public debate and criticism.

ASSIGNMENT:

- Do you think TAP is important? Give reasons.

WEEK 8

LEDGER ENTRIES

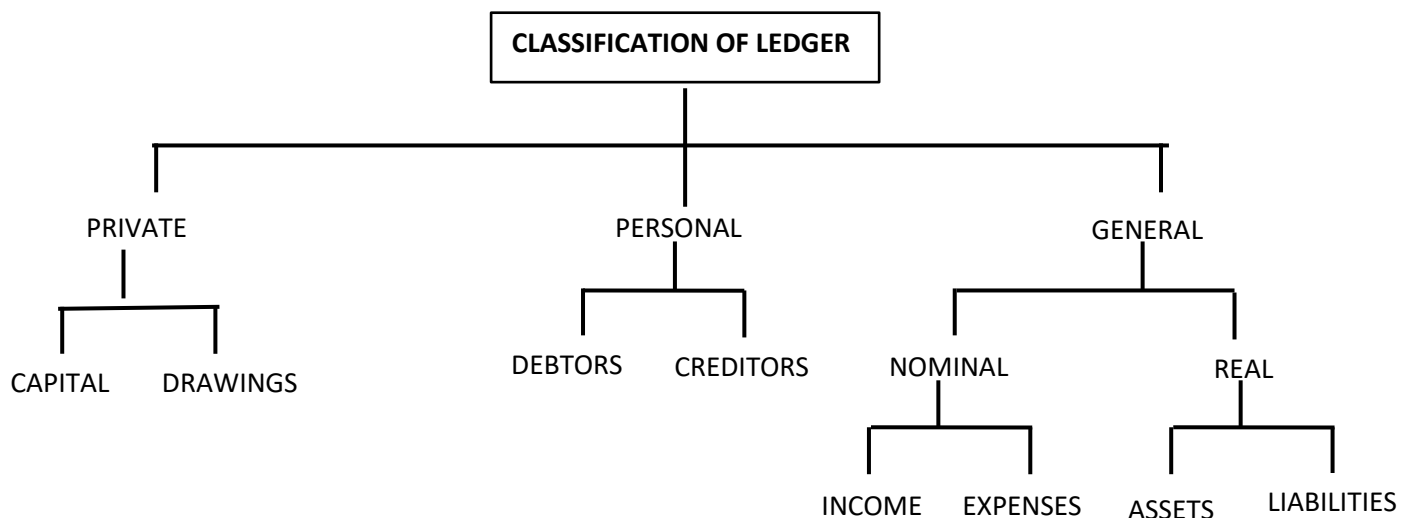
Objectives: This week, I will learn:

- *The meaning of a Ledger*
- *Classes of the Ledger*
- *Format of the Ledger*
- *Calculation on the Ledger*

A ledger is a main book of accounts of any business where all transactions are recorded. It is also known as the **principal book of account**.

Classes of ledger

1. **Private ledger:** This consists of accounts of transactions involving the owner of the business. E.g capital account, drawings account.
2. **Personal ledger:** is an account in which persons or organization transactions are recorded. It contains the accounts of debtors and creditors.
3. **General/impersonal ledger:** These comprise the accounts of assets, liabilities, incomes and expenses of a particular business. It is divided into nominal and real accounts.



Format of a ledger

DR				Ledger book				CR	
Date	Particulars	Folio	Amount	Date	Particular	Folio	Amount		
	Debit side i.e (Receiving side)		N		Credit side i.e (Giving side)		N		

The ledger has two main sides, namely **debit side (DR)** and **credit side (CR)**. The left hand side is called the debit side, while the right hand side is known as the credit side. Interestingly, the two sides carry the same column, but they perform different functions.

Items on a ledger

Column 1: (Date) contains the records of the specific days on which transactions are carried out.

Column 2: (Particulars) is used for recording a summary of various transactions.

Column 3: (folio) this is the column in which the page number of specific accounts are entered.

Column 4: (Amount) is used to record the value of each transaction.

Calculation on the Ledger

Enter the following transactions in the Ledger of Juilliard Academy for the month of June 2014.

		N
June 2	Started business with cash	15,000
June 3	Bought goods by cash	4,000
June 5	Cash sales	1,500
June 10	Paid for stationery	500
June 15	Cash purchases	1,000
June 16	Sold goods for cash	2,000
June 20	Received cash from Mr John	1,200
June 28	Paid salary	1,000
June 30	Paid rent	200

Alpha Choice Innovative Academy

DR		Ledger book				CR	
Date	Particulars	Folio	Amount	Date	Particular	Folio	Amount
June 2	Capital	b/d	N 15,000	June 3	Purchases	c/d	N 4,000
June 5	Sales		1,500	June 10	Stationery		500
June 16	Sales		2,000	June 15	Purchases		1,000
June 20	John		1,200	June 28	Salary		1,000
July 1				June 30	Rent		200
				June 30	Balance		13,000
							19,700
	Balance						

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Note:

1. The amount used in starting a business is called **CAPITAL**.
2. Goods bought for resale, the transaction is called **PURCHASES**.
3. The term **c/d** means carried down, while **b/d** means brought down.

Balancing the Ledger

To balance an account, follow these steps:

- Step 1** Leave one line after the last transaction has been entered.
- Step 2** Draw a rectangle () in each of the columns.
- Step 3** Get a rough paper for addition and subtraction.
- Step 4** Add the figures on both sides separately.
- Step 5** Subtract the lower from the higher figure.
- Step 6** The difference between both sides is balance c/d.
- Step 7** Write the highest figure i.e. (total value) in the rectangles ()
- Step 8** The balance brought down (b/d) will be on the opposite side of balance carried down (c/d)

ACTIVITY:

1. ____ ledger contains the accounts of debtors and creditors. (a) Personal (b) Private (c) General (d) Great
2. The ledger has ____ main sides, (a) 2 (b) 3 (c) 4 (d) 6
3. The left-hand side is called Debit side. (a) True (b) False (c) Maybe (d) Not sure
4. The accounts of assets, liabilities, incomes and expenses of a particular business are called ____ ledger (a) private (b) general (c) large (d) record
5. The giving side is the ____ side (a) credit (b) debit (c) long (d) short
6. Personal ledger is divided into ____ and ____.
7. b/d mens ____.
8. _____ is a main book of accounts of any business where all transactions are recorded.
9. Capital and drawings are called ____ ledger.
10. The ledger is also known as ____.

ASSIGNMENT:

- State the difference between real and nominal account.
- State the difference between private and personal account.

Objective: *This week I will be able to:*

- *explain the meaning of Petty cashbook*
- *state items of Petty Cashbook.*
- *analyse the items of expenditure in the Petty Cashbook.*
- *state the importance of Petty Cashbook*

Petty cash is an amount of cash kept on hand and used for making small payment.

The petty cashbook is the book in which details of minor or small expenses are recorded.

It is obvious that businesses spend little amounts on many items every day.

Examples of minor expenses: Pencils, stamps, office tea/coffee, typing papers, toilet soap, bus fare, carbon paper, envelopes, erasers, milk, petrol, cost of telegram, recharge cards, telephone calls and drinks.

Classification of Petty cash items

Items that serve similar purpose can be grouped together so as to reduce the analysis column.

Class	Items
Transport	Bus fare, Petrol, Taxi fare
Postage	Stamps, Telegram, Envelope
Stationery	Pen, Pencil, Typing paper, Ruler, Eraser
Office Cleaning	Toilet soap and detergent
Refreshment	Tea, Coffee, Milk, Soft drinks
Miscellaneous (sundry)	Any other item which cannot fit into the above groups.

Importance (Advantages) of petty cash book

1. The petty cashbook helps to reduce the money spent by a business on cheque books and bank transactions.
2. It reduces the burden of work on the cashier.
3. Maintaining the petty cashbook minimises the risk of fraud.
4. It helps an organisation to regulate expenses on small items.

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ACTIVITY:

1. The petty cashier can then use small amount from the _____ to make payments for minor expenses (a) purse (b) income (c) float (d) track
2. Pen, Pencil, typing paper, ruler and eraser are all under _____ (a) stationery (b) transport (c) office cleaning (d) postage
3. _____ is used for making small payments. (a) Petty cash (b) Small cash c) Meagre cash (d) Record cash
4. Imprest is also known as _____ (a) float (b) interest (c) income (d) account
5. Miscellaneous means _____ (a) expenses (b) account (c) income (d) sundry
6. Amount set aside for small expenses is called _____.
7. _____ involves giving the petty cashier more money at regular intervals to cover the amount so far paid out.
8. _____ is in charge of the petty cash book.
9. An importance of petty cash book is _____.
10. Maintaining the petty cashbook _____ the risk of fraud.

ASSIGNMENT:

- State the imprest and imprest system.
- State the difference between imprest and reimbursement.

Objective: This week I will be able to:

- explain meaning of the cashbook
- state types of cashbook
- prepare single column cashbook

The cashbook is a book in which all cash transactions are recorded.

It is a special book in accounting because it is both a journal and an account in the ledger. The cashbook is strictly limited to receipts and payments of cash and is usually kept by a cashier.

Note that: credit transactions are not recorded in the cashbook.

Classes of cashbook

1. **Single column cashbook:** it is concerned only with cash receipts and cash Payments.
2. **Double column cashbook:** it records cash and cheque receipts and payments.
3. **Three column cashbook:** it covers cash, cheque receipts and payments as well as cash discounts given and received.
4. **Petty cashbook:** it deals with minor expenses and payments.

Single column cash book

The cash book has two major sides as follows:

1. The debit side-which is the left hand side, it is the receiving side
2. The credit side-which is the right hand side, it is the payment side

Format of single column cash book

DR				Cashbook				CR			
Date	Particulars	Folio	Amount	Date	Particular	Folio	Amount				
			N				N				

Principle of double entry: states that ‘for every debit entry, there must be a corresponding credit entry and for every credit entry, there must be a corresponding debit entry’.

Steps in recording transaction

1. Read the transactions carefully
2. Ask yourself this question: is money coming into the business or is money going out of the business?
3. If money is coming into the business, record the transactions on the debit side
4. If money is going out of the business, record the transactions on the credit side.

ACTIVITY:

1. The three column cash book reflects _____ (a) cash, credit and allowance (b) cash, credit and discount (c) cash, payment and allowance (d) cash, credit and receipt
2. There are _____ classes of cash book (a) 4 (b) 3 (c) 2 (d) 5
3. Cash transactions are recorded in the _____ book (a) credit (b) float (c) cash (d) Record

4. There is a debit entry and _____ entry (a) new (b) more (c) income (d) credit
5. Credit transactions are not recorded in the cashbook (a) True (b) False (c) Maybe (d) Not really
6. _____ is a book in which all cash transactions are recorded.
7. What is the principle of double entry?
8. _____ records cash and cheque transactions.
9. _____ deals with minor expenses and payments.
10. The _____ which is the left hand side is the receiving side.

ASSIGNMENT:

- State the difference between cash transaction and credit transaction.