**SCHEME OF WORK FOR COMMERCE SS TWO**

**SESSION 2024/2025**

**SECOND TERM**

**INSTRUCTION: Print and spiral bind**

**1ST LESSON: BUSINESS RESOURCES**

**2ND LESSON: BUSINESS LAW**

**3RD LESSON: COMPUTER**

**4TH LESSON: CAREER OPPORTUNITY**

**5TH LESSON: BUSINESS, PROFIT, CAPITAL AND TURNOVER**

**6TH LESSON: NATIONALIZATION AND INDIGENIZATION**

**BUSINESS RESOURCES**

**Definition**: Business is defined as economic activities which people engage in, in order to produce goods and services for the satisfaction of human wants as well as to make profit. Resources on the other hand are the inputs or things which are put together to run the business concern so as to achieve the business goals and objectives.

**Business Resources**

1. **Human resources**: These are the personnel required to run the business concern. They plan, control, organize and co-ordinate the other resources to achieve the set goals.
2. **Money resources**: This is the money needed to float the business such as purchase of machinery, materials and payment of labour.
3. **Material resources**: These are the inputs which are needed for production. They involve raw materials and semi- finished raw materials.
4. **Opportunities/ Goodwill**: These are the abilities firm posses to be able to attract and retain its customers through the quality of its products and other incentives. Opportunities also refer to the ability of a firm or a business to take advantage of all opportunities that may come its ways in order to make profit.
5. **Machines**: These are the machines and tools used for production process to the finishing e.g. plants, machinery, vehicles, equipments and other office machines.

**Objectives of Business**

1. To make or earn profit
2. To produce goods and services to satisfy human wants
3. For employment opportunities
4. To provide quality goods at affordable prices to the masses
5. To protect the interest of the workers
6. To partake in community development

**BUSINESS LAW**

**DEFINITION:** Business law is also known as commercial law. They are laws or rules and regulations guiding the smooth operation of a business.

**SCOPE OF BUSINESS LAW**

1. Contract
2. Agency
3. Sales of Goods Act
4. Hire Purchase
5. Employment
6. Bankruptcy
7. Government Regulations

**LAW OF CONTRACT**

**DEFINITION:** A contract is an agreement between two or more parties which have a legal binding. All contracts involves some sort of agreement but not all agreement are contract e.g. Mr. Bayo promised to buy a car for his daughter Esther for her birthday gift but the date came and he never fulfilled his promise, she was angry and had to sue him to court. She lost the case because there was no legal binding. Again Mr. Bayo entered into an agreement with Esther to run a business and the profit is to be shared equally. There was a sealing to the agreement on document but at the end of the day, Mr. Bayo did not keep his own part of the agreement. She sued him and she won the case because there was a legal binding.

**CLASSIFICATIN OF CONTRACT**

Contract can be classified into formal contract and informal contract;

1. **Formal Contract**: It is divided into two types namely;
2. Contract of Deed (Specialty Contract): They are promises written on paper, signed, sealed and delivered.
3. Contracts of Records: They are contract which are made before a law court.
4. **Informal Contract**: These are contracts that must possess all the essential characteristics of a valid contract.

**ELEMENTS (ESSENTIAL CHARACTERISTICS) OF A CONTRACT**

For a contract to be valid, it must possess the following elements;

1. **OFFER**: This is the proposal made by one person (Offeror) to another (Offeree)
2. **ACCEPTANCE**: This is the reply to the offer made by the Offeror. Acceptance must not be made by force or under duress i.e. Acceptance must be unconditional.
3. **VALUABLE CONSIDERATIONAL**: Every valid contract must have something of value which could be in monetary terms, goods or services to be given in exchange for the acceptance by the offeror
4. **LEGAL CAPACITY**: A valid must have a legal capacity in the sense that, it can only be contracted by anyone who is above 18 years and also must be mentally sound
5. **LEGALITY OF THE OBJECT CLAUSE**: A contract is null and void if the object clause is illegal e.g. contract that promotes sexual immorality cannot be enforced by law
6. **CERTAINTY OF TERMS OF CONTRACT**: This means that the terms of the contract must be clearly stated and of good understanding to both parties.
7. **POSSIBILITY OF PERFORMANCE**: The contract to be entered into must be a possible contract to carry out.
8. **INTENTION TO CREATE RELATIONS**: The terms of an agreement must state clearly that the parties intended to create legally binding contracts
9. **GENUINENESS OF CONSENT**: Agreement of the parties to a contract must not be obtained under duress, undue influence, misrepresentation or mistake.

**TERMINATION OF CONTRACT**

A contract can be discharged or brought to an end in the following ways:

1. **BY PERFORMANCE (EXECUTION**): This is when both parties involved have fully performed their obligation or duties
2. **VOLUNTARY TERMINATION (BY AGREEMENT OF THE PARTIES**): This is a complete agreement by the parties involved to wind up the contract
3. **BY BREACH**: This is when one of the parties fails to perform his own part of the obligation or duties
4. **BY FRUSTRATION** : This is when a contract is brought to an end without a performance as a result of situation that is beyond the control of the parties involved of war, erosion e.t.c.
5. **BY LAPSE OF TIME**: A contract is terminated or brought to an end when the time scheduled for the assignment comes to an end
6. **DEATH OR INSANITY OF THE PARTIES**
7. **BANKRUPTCY**
8. **ILLEGALITY OF OBJECT OR THE SUBJECT MATTER**

**TYPES OF CONTRACT**

1. **Voidable Contract**: It is a contract in which one of the parties or all of the parties decided to treat it as void or binding
2. **Void Contract**: It is a contract that has no legal effect as a result of illegal object claims
3. **Valid Contract**: It is a contract or agreement in which the parties involved are legally bound
4. **Invalid Contract**: These are contracts that have no written agreement to support them
5. **Unenforceable Contracts**: These are contracts that cannot be enforced by the court of law because of lack of written evidence to support it or because the time for the contract has elapsed
6. **Illegal Contract**: These are contracts in which the main object clause or subject matter is illegal
7. **Executed Contracts**: These are contracts in which the obligation involved have been fully completed by the parties concerned
8. **Oral Contracts**: These are contracts that are entered into through oral communication
9. **Written Contracts**: These are contracts that are documented with each party’s duties and obligations clearly stated
10. **Executory Contract**: These are contracts that are in progress and yet to be completed

**TERMINOLOGIES USED IN CONTRACT**

1. **Counter Offer**: It is an offer that is made after the initial offer
2. **Offeror**: It is the person that made the offer
3. **Offeree**: This is the person to whom the offer is made
4. **Promissor**: This is the person who made a promise in a contract
5. **Promisee**: This is the person to whom the promise is made
6. **Invitation to Threat**: It is an invitation that is made to a person in anticipation that he will make an offer
7. **Ultra Vives**: This is a law or rule that is guiding a statutory or registered company that it can only give or enter into a contract(s) only with the powers as stated in its Memorandum of Association (MOA)
8. **Tender**: It is an estimated expenditure submitted in response to a request
9. **Minor:** These are children who are under 18 years of age
10. **Conveyance:** It is a document which is given in order to show that there is a transfer of title on an unregistered land
11. **Auction**: It is a situation in which bids are made by prospective buyers after which the commodity is sold to the person making the highest bid

**LAWS OF AGENCY**

**DEFINITION**: An agency can be defined as a legal relationship between two person, where one called the agent is given the authority by the principal to enter into a contract on his behalf with a third party

**TYPES OF AGENTS**

1. **Brokers**: These are agents who link the buyers with the sellers and receives a commission for it called, brokerage
2. **Factors**: They are agents who are given the privilege by the principal to sell goods delivered to him under his own name. He receives a commission
3. **Del Credere Agents**: These are agents who sell goods and accept all liabilities which may result from a customer’s default on a credit sales
4. **General agent**: This is an agent who has the authority to act in all matters within the scope of a particular business entrusted to him
5. **Universal agent**: These are agents who have limitless power to act on behalf of the principal to any length
6. **Special agent**: These are agents that are appointed to carry out a particular or specific transactions
7. **Auctioneer**: These are agents who sell goods for their principals at a public auction to the higher bidder
8. **Manufacturing agents**: They are sellers who act on behalf of a manufacturer to market its goods in certain area
9. **Advertising agents**: These are agents whose job is to help a manufacturer to advertise their products
10. **Clearing and Forward agent**: They help to clear and receive goods from the airport or seaports for the principal

**APPOINTMENT OF AGENTS**

Agents can be appointed through the following ways;

1. **By appointment or expressly**: This is when a principal appoints verbally or in writing an agent to work for him
2. **By Necessity**: This is when in an unforeseen circumstance, someone who in possession of another person’s property has to do something to preserve the property
3. **Ratification:** This is when the principal approves the action that a person did on his behalf without having the authority to act as his agent
4. **By Implication**: This is when someone working for another person is expected by virtue of his position to enter into a contract with a third party on behalf of the one who has appointed him
5. **By Estopel**: This is when a person by conduct or words allows another party to believe that somebody is acting as his authorized agent even when there is no agency agreement

**TERMINATION OF AGENCY**

1. By frustration
2. By performance
3. By breach
4. By agreement
5. Death of the principal or agent
6. By completion of the agency
7. Bankruptcy
8. By operation of law
9. Insanity of any of the party

**DUTIES OF AN AGENT TO THE PRINCIPAL**

1. Agent must be loyal, faithful and obedient
2. Agent must be diligent in carrying out his responsibility
3. He must be transparent and render financial transactions as at when due
4. He must not delegate his work to another person without the approval of the principal
5. He must keep all vital information about the business confidential
6. He must not make secret gains from the business
7. He must not allow his interest to conflict with his duties to the principal
8. He must promote the interest of the principal’s business
9. He must follow the terms of agreement of the agency

**DUTIES OF A PRINCIPAL TO AN AGENT**

1. He must pay the agent the commission due to him
2. He must follow the terms of agreement of the agency
3. He must not interfere with the agent’s effort
4. He must provide the agent with all the materials and facilities needed to perform his duties
5. He must indemnify the agent for any expenses incurred in the course of dispersing his duty
6. He must accept responsibility for all legitimate actions of the agent

**RIGHTS OF AN AGENT**

1. Right to withhold the principal’s goods when the principal has failed to perform his own part of the contract
2. Right to stop the goods in transit provided he has assumed the liability to pay for them
3. Right to issue an ultimatum
4. Right to recover the possession of goods from a buyer if the buyer defaults
5. Right to seek a legal action against a client

**RIGHTS OF A PRINCIPAL**

1. He can refuse to pay the agent his commission should the agent defaults
2. He can sue the agent for defaults
3. He can sue the third party for damages
4. He can recover ant secret profit from the agent
5. He can dismiss or lay-off the agent in the case of misappropriation or conflicts

**COMPUTER**

**DEFINITION:** A computer is an electronic device which receives data, processes and presents the information in a logical manner at a fast rate.

**ORIGIN OF COMPUTER**

**TYPES OF COMPUTER**

There are three types of computers namely;

1. **Analogue computer**: These are computers that are use in measuring the quantity of a product e.g. temperature, pressure, voltage etc.. It is mostly used in the sciences.
2. **Digital computer**: These are computers used in computing or processing raw data and discrete numeric digits. It is mostly used in the commercial and financial areas.
3. **Hybrid computer**: It is a combination of the Analogue and Digital computer components in one system.

**CLASSES OF COMPUTER**

There are four classes of computer and they are as follow;

1. **The Mainframe Computer**: This is the largest computer. It is used in organization and research institutions where large volumes of transactions are required.

**Features and advantages**

1. It processes information fast
2. It is very powerful
3. It runs series of programmes at the same time.
4. It has a large and secured storage facilities
5. It has a high speed storage devices

**Disadvantages**

1. It is very expensive
2. It generates a lot of heat
3. It is very large and heavy and as such cannot be moved around
4. It requires an air- conditioned room or office for effective performances.
5. **MINI COMPUTER:** These are small version of the main frame computer but it is more compact but less powerful than the mainframe.

**Features/ advantages of the mini computer**

1. It operate at a very high speed
2. It is very durable
3. It is used for small scale general purpose work
4. It is cheaper compared to the main frame computer
5. **THE MICRO- COMPUTER:** These are computer based on micro- processor chips. They are called personal computer. They can be used in homes and offices.

**Features**

1. It is the fastest of all computers
2. It generates very small heat
3. It is the cheapest of all computers
4. It is very small and portable
5. **The SUPER COMPUTER:** It is the most powerful and biggest of all computers. It is a high capacity computer used by large organizations for oil exploration, worldwide weather control, track and space explorations e.t.c.

**COMPONENTS OF A COMPUTER**

There are two major components namely;

●Hardware

●Software

**HARDWARE**: is the physical part of a computer which we can see, feel and touch. The basic elements of the hardware are Input Units, Central Processing Units, Storage Units and Output Unit.

1. **Input Units**: These are devices used to enter data into a computer for processing e.g. the keyboard, mouse, light pen, joystick and scanner.
2. **Central Processing Units (C.P.U):** It is a part that is located inside the system unit. It sends signal to the input and output device and performs all arithmetic operations. Therefore, it is considered the brain of the computer.

**Components of the Central Processing Units**

The Central Processing Unit is divided into three parts which are;

1. **The Control Unit**: This part controls and coordinates all the activities of the hardware. It fetches information from the main storage, interprets them and sends the necessary signals to the different parts of the computer.
2. **Memory Units**: It stores and retrieves data when it is needed. There are two types of storage units namely;
3. **Random Access Memory (RAM**): It is also called main, primary or user’s memory. It helps to store data and programmes temporary while they are being used.
4. **Read Only Memory (ROM):** It is used to store data, programmes and instructions permanently on the computer.
5. **The Arithmetic and Logical Units**: This part is responsible for the logical operation hence it is referred to as the reasoning and calculation units.
6. **Storage Units**: This is the unit that helps to store information for the users. There are two types of storage namely;
7. **Main Storage**: It is very fast and volatile e.g. the Ram.
8. **Auxiliary or Secondary Storage**: It is used to store excess information which could not have been stored on the system memory.

**Types of storage devices**

1. Floppy disk
2. Hard disk
3. CD-Rom disk
4. Magnetic tape
5. Magnetic disk
6. **Output Unit**: It is used to transmit processed data to the users. Examples of the output unit are monitor (visual display units), the printer and microfilms. The monitor produces the soft copy while the printer produces the hard copy.

**SOFTWARE:** This is the collection of programme that directs the operational system of a computer.

**Advantages of using computer**

1. It has a high degree of accuracy
2. It can do so many job at a time
3. It makes work faster and easier
4. It is effective and efficient
5. It can be used for managerial decisions and forecasting
6. It saves time
7. It has a large storage capacity to store large information
8. It operates at a very high speed
9. It is very flexible in that it can be used in any field
10. All data stored in a computer are safe

**Disadvantages of using computers**

1. It can lead to unemployment as machine is used to replace man.
2. It is very expensive to install and maintain
3. One’s privacy can be invaded when outsiders have access to it
4. Information stored can be lost should the system break down
5. It is prone to fraudulent practices
6. It cannot work effectively if not in an air- conditioned room.

**CAREER OPPORTUNITY IN COMMERCIAL STUDIES**

There are various career opportunities available for people in the job market. Employers in the civil or public services are referred to as civil servants. Those who work with the government are in the public services while those who work with the private individuals are in the private services. The jobs available in the commercial field and the post are as follow;

1. **Marketing and sales**: They are responsible for selling the products of a firm e.g. retailing, wholesaling, warehousing, transportation e.t.c. The post are as follow;
2. Research assistants
3. Research supervisors and directors
4. Sales analyst
5. Agents
6. Managers
7. Salesmen
8. Sales representatives
9. **Production and Material Management**: They put together the raw materials to get the tangible products. The post are;
10. Traffic manager
11. Inventory officers
12. Purchasing agents
13. Industrial designers
14. Purchasing officers and managers
15. Quality control analysts
16. **Financial Areas**: They are responsible for recording the financial in-flow and out-flow of the business. The post available are;
17. Bank officers
18. Loan officers
19. Cashier
20. Investment bankers
21. Financial analysts
22. Treasury officers
23. **Management as a profession**: They are the ones who plan, control and co-ordinate the activities in a firm. The post available are;
24. Inventory control specialists
25. Personnel officers
26. Management trainee
27. Middle level managers
28. Top level managers
29. Record and statistics officers
30. Administration officer
31. **Insurance industry**: The opportunity available in the sector are;
32. claim examiners
33. Underwriter
34. Claim adjusters
35. Actuaries
36. Agents
37. Brokers
38. **Accounting and Management Information System:** The job opportunity are;
39. Book keeping
40. Account clerks
41. Auditors
42. Tax Consultants
43. Financial Managers
44. Credit Analysts
45. Cost Accountants
46. System Analysts
47. Data based computer operators

**Career Opportunities in the teaching profession**

The various opportunities available to people who major in business education in Colleges of Education, Polytechnics and Universities are;

1. Teachers in secondary schools
2. Lecturers in Colleges of Education, Polytechnics and Universities
3. Professors
4. Bursars
5. Registrars
6. Master Grad Senior Teacher
7. Principals
8. Lecturer I-III
9. Associate Professors

**Requirements for engagement in commercial fields**

1. **Basic requirement for unskilled jobs**: First School Leaving Certificate e.g. Messengers, Cleaners, office assistants e.t.c.
2. **Basic requirement for Management Trainee, top management or executive level**: Holders of First Degree or Higher National Diploma (HND), Holder of First Degree or HND are offered middle level management jobs while holders of Second Degree are offered top management level jobs.
3. **Current University requirement for the commercial courses**: 5 o’ level credits including Mathematics, English and Economics.

**Commercial Courses**

1. Economics
2. Insurance
3. Management
4. Banking
5. Finance
6. Actuaries Science
7. Accounting
8. Industrial Relations
9. Personnel Management
10. Public Administration
11. Marketing
12. Secretarial Administration

**BUSINESS, CAPITAL, PROFIT AND TURNOVER**

**DEFINITION:** It is defined as the money invested or put into a business venture in order to make profit so as to be able to make a living. Capital can be viewed from three angles namely;

1. **Accountant view of capital**: He views capital as the money invested into a business e.g. cash
2. **Economist’s view of capital**: He views capital as man made wealth used in the production of other commodities e.g. machines.
3. **Layman’s view of capital**: He defines capital as the total amount of money put into a business by a businessman.

**SOURCES OF FINANCE**: There are two main sources of finance made available to every business organization. They are short term finance and long term finances.

**Short term finances**: These are funds that are made available to businesses that will last for a year or two. They are;

1. Trade financing
2. Debt factoring
3. Loans from friends and relations
4. Bank overdraft
5. Commercial paper: This is when a company borrows money from another company payable within 30 days.

**Medium and long term finances**: These are funds that are made available to businesses that will last from five years and above. They are;

1. Plough back profit
2. Loans from sister companies
3. Leasing
4. Term Loans: This is loan obtained from bank for a period above two years.

**Types of capital**

1. Nominal /Authorised/ registered capital: This is the amount which a company is expected to subscribe for from the public. This amount is expected to be quoted in the Memorandum of Association.. In order words, it is the amount of capital a limited company is allowed to start the business with.
2. Issued Capital: This is the amount of capital which the company issued for subscription for out of the authorized capital. E.g. the nominal capital is N2M but for now, the firm only needs N1.5M which they issued out for subscription. The N1.5M is the issued capital.
3. Unissued Capital: This is the amount of capital which the company has not yet issued out for subscription. E.g. the remaining half a million naira out of the nominal capital is the unissued capital.
4. Called-up Capital: This is the amount that has been called for out of the issued capital e.g. the issued capital is N1.5M but out of the N1.5M which is issued, only N1.2M has been requested for.
5. Uncaalled-up Capital: This is the amount that has not yet been called for or requested for out of the issued capital e.g. the remaining N300,000 out of the N1.5M that is left is the uncalled-up capital.
6. Paid-up Capital: This is the amount of money that has been paid out of the called-up capital.
7. Unpaid-up Capital: This is the amount that has not yet been paid for out of the called –up capital.
8. Reserve Capital: It is the same as the uncalled-up capital.
9. Loan Capital: These are the long term liabilities of the firm e,g, bank loan, debentures e.t.c
10. Capital Owned: This is the owner’s holding in the organization i.e. they are the assets owned by the shareholder
11. Capital Employed: These are the total assets of the business less liabilities. The total assets include fixed assets and current assets.
12. Circulating/ Working capital: This is the capital that is used for the day-t- day running of the business. It is calculated as current assets less current liabilities.
13. Liquid Capital: This is the kind of capital that can easily be turned to cash e.g. cash at hand, cash in bank, prepayment, debtors e.t.c.
14. Gearing: This is simply the relationship that exists between the capital and debt financing of the business. It is calculated as

Gearing = lLong term liabilities/ Capital

**Importance of Working Capital**

The Working Capital in a business is the most important factor because without it, the business will collapse. The uses or Working capital is as stated below;

1. It shows hoe healthy a business is
2. It help a business to meet up with its daily financial needs
3. It determines the level of profit a business can make
4. It enables a firm to pay the salaries and wages of labour as well as procure raw materials for continuous production
5. It serves as the basis of planning for the firm
6. It shows the ability of a firm to off-set its debt
7. It is a guide for investors who are proposing to invest in a business
8. Working Capital enables a firm to obtain loan easily from the bank

**ASSETS**

These are the properties of a firm or business. In order words, they are part of resources that enables a firm to carry out production.

**Types of Assets**

1. Fixed Assets: These are those resources of the business that are durable in nature e.g. building, cars, furniture, machinery, fixtures and fittings.
2. Current Assets: These are the resources of the business that are in liquid form and used for the day- to- day running of the business e.g. debtors, stock, bank, cash in hand, prepaid e.t.c.

**LIABILITIES:**

These are the debts which a business own to outsiders.

**Types of Liabilities**

1. Long term Liabilities: These are the debts which a business own to outsiders which will last for a very long period of time e.g. mortgage loan, term loan e.t.c.
2. Current Liabilities: These are the debts which a business own to outsiders that will last for a very short term or time. E.g. overdraft, accrued expenses e.t.c.

**PROFIT**

Profit is used to measure the success or failure of a business. It is determine by subtracting operational cost from the total revenue of the business.

**Types of Profit**

1. Gross Profit: It is the difference between sales and cost of goods sold. It can also be said to be the difference between the selling price and the direct cost of goods and services sold. If selling price is higher than the cost of goods sold, then there is gross profit but if it is less, then there will be a loss.

Gross Profit=

1. Net Profit: It is the difference between the gross profit and loss and expenses during business transaction. These selling expenses include transport, wages, insurance, depreciation, rent, power, rate e.t.c.

**Factors affecting Profit**

1. The selling price of the goods
2. The cost of the goods sold
3. The number of competing firms
4. The relationship between demand and supply
5. Perfect knowledge of the market situation
6. Volume of administrative expenses

**TURNOVER**

This means the amount of sales a business is able to make within a given period of time. Rate of turnover is the number of times an average stock is sold during a given period of time.

Rate of turnover = Cost of goods sold/ Average stock

Average Stock= Opening Stock + Closing Stock/2

**Types of turnover**

1. Inventory Turnover: This refers to the amount of sales of physical goods that a firm is able to make within a given period or financial year.
2. Assets Turnover; This measures the efficiency of assets utilization within an accounting period.
3. Employment Turnover: This has to do with the rate at which a firm either gains or losses staff within an accounting year.
4. Customer Turnover (Churn): This measures the rate at which a firm losses customer within an accounting period.
5. Production Turnover: This measures the rate at which a company produces its goods or services within an accounting year.
6. Contract Turnover: This refers to the rate at which a construction company is awarded contract within an accounting year.

**Importance of Turnover**

1. It is used to determine the performance of a business
2. It is used to determine the working capital of a business
3. It is used to determine the result of capital employed
4. It is used as comparism between one business and another
5. It is used to determine the growth rate of the business
6. It is used to determine the profit level of the business

**Factors affecting the turnover of a business**

1. Types of goods sold
2. Reputation and goodwill of the trader
3. Terms of sales e.g. credit sales, discount e.t.c.
4. Regularity in supply of goods
5. Price of the product
6. Nature of the product e.g. necessary goods will sell faster than industrial goods
7. Location of the store
8. Advertising and sales promotion
9. Application of the use of modern sales methods

**WORKED EXAMPLES OF PROFIT AND LOSS ACCOUNT**

John Ebole Enterprise Limited Trading, Profit and Loss Account for the year ended 31st December, 2010.

|  |  |
| --- | --- |
| ₦  Opening stock  Add purchases  Add carriage forward    Less return outward  Cost of gds available for sale  Less closing stock  Cost of goods sold  Gross profit  Expenses  Carriage on board  Salaries and wages  Rent  Insurance  Sundry expenses  Advertising  General expenses  Net profit c/d | ₦  Sales  Less returns inward    Gross profit b/d |

**Balance Sheet of Kofi as at 31st December 2010.**

|  |  |
| --- | --- |
| ₦  Liabilities  Long term Liabilities  Capital 7000  Net profit 2000  Loan 3000  Current Liabilities  Creditors 2000  Bank overdraft 3000  Salaries 1000  Bills payable 750  18750 | ₦  Assets  Fixed Assets  Land and building 3500  Plants and machinery 5000  Fixtures and fitting 3000  Current Assets  Debtors 2000  Stocks 3000  Cash in hand 2000  Cash at bank 250  18750 |

From the balance sheet, calculate,

1. Long term liabilities
2. Capital owned
3. Working capital
4. Current assets
5. Borrowed capital
6. Below is the result of the trading activities of Folayan and Sons as at 31st December, 2004.

Stock as at January 2004 16,000

Purchases during the year 95,000

Stock as at 31st December, 2004 17,000

From the above data, calculate the company’s rate of turnover

**CLASSWORK**

1. The data below was extracted from the account of Bolaji and Sons as at 31st December, 2004.

₦

Net sales turnover 80,000

Opening stock 10,000

Purchases 76,000

Closing stock 30,000

Electricity 13,500

Salaries 8,750

Rent 1,800

Depreciation 2,100

From the above, you are required to determine;

1. Cost of goods sold
2. Gross profit
3. Rate of stock turnover
4. Net profit
5. Percentage of gross profit to turnover of margin
6. Percentage of gross profit to cost of goods sold e.g. mark-up
7. Percentage of net profit to turnover

**ASSIGNMENT**

Opening stock 16,000

Purchases 36,000

Rent 1,500

Salaries and wages 2,400

Closing stock 24,000

You are required to calculate;

1. Average stock
2. Rate of turnover
3. Gross profit
4. Cost of goods sold
5. Gross profit percentage on sales
6. Net profit

**NATIONALIZATION AND INDIGENIZATION**

**Definition:** It is the transferring of ownership and control of business from private individuals to the the state or government for economic, social, political and security reasons.

**Reasons for Nationalization**

1. To prevent exploitation of the indigenes from the foreign industries
2. For security reasons because during war, firms from foreign countries can be use as spies to the disadvantage of such country
3. In order to prevent wasteful competition
4. To prevent the economy from being dominated by private investors
5. Due to the large capital involvement in running some industries, such industries are nationalized.

**Advantages of Nationalization**

1. It is used to control the exploitation of the masses
2. It controls wastages
3. It enables the government to have effective control over the economy
4. It makes the government provide essential services to the masses
5. It enables a more equitable distribution of essential services
6. It brings about the production of standardized goods
7. It serves as security to the nation
8. It leads to the development of technology in the economy
9. It provides employment to the masses

**Disadvantages of Nationalization**

1. It gives a country a bad image
2. Decision making is very slow
3. There is high level of corruption and embezzlement by the officers put in charge
4. There is lack of competition hence they tend to produce substandard goods and services
5. Due to lack of proper supervision by the government, there is low productivity because of non- chalant attitude of labour work
6. There is problem of monopoly which often leads to high increase in the prices of goods produced.
7. Political interference is common
8. Most of the nationalized industry often crumbles as a result of lack of fund.

**PRIVATIZATION**

**Definition**: It is the process of transferring the ownership and management and control of business from the government to private individuals. Privatization could be full or partial.

**Advantages of Privatization**

1. It promotes competition
2. To promote improvement in the production of goods and services
3. To raise more revenue for the government
4. To reduce waste of public funds
5. To promote operational efficiency in those enterprises
6. To facilitate quick and better decision making in the operation of the business