**COMMERCE SS 2**

**THIRD TERM**

## **SCHEME OF WORK**

**WEEK TOPIC**

1-2 Capital – meaning, types and structure

* 1. Profit – meaning, types and structure
  2. Business Finance – the financial position of business firms.
  3. The Stock Exchange
  4. Communication

**WEEK ONE AND TWO**

**TOPIC: CAPITAL**

**CONTENT**

1. Definition

2. Types (forms) of capital

3. Importance of Working Capital

4. Calculation of types of Capital

**CAPITAL**

Capital in business refers to all the assets and property of a firm.

**TYPES OF CAPITAL**

1. **FIXED CAPITAL**: This refers to the assets of a firm which the business is carried on, and which are used continuously in the process of earning income e.g. Buildings, machinery fixtures and fittings
2. **CIRCULATING OR FLOATING CAPITAL**: This is the capital which is required regularly for production and which is always changing as the business operates e.g. raw materials finished goods (i.e. stock, cash, debtors etc).
3. **LIQUID CAPITAL**: This is made up of cash-in-hand, debtors and bank balances of a firm. These are liquid assets because they can easily be converted into cash.
4. **WORKING CAPITAL**: This is the excess of the current assets over the current liabilities. In calculating working capital therefore, the current liabilities are subtracted from the current assets.
5. **CAPITAL EMPLOYED**: This is the amount of capital invested by the owner or owners into the business and is calculated by subtracting current liabilities from the total assets.

**IMPORTANCE OF WORKING CAPITAL**

1. Working capital helps to determine the liquidity position of an organization.

2. It determines the fund available for the day to day running of the business.

3. Since it is used to purchase stock for sale more working capital indicates higher profit.

4. It checks against tying down of capital.

5. It is used to determine the solvency of the organization.

6. It indicates that the organization is not relying on finances from suppliers.

**REVIEW QUESTIONS**

1. Explain what is meant by

(a) Working Capital (b) Capital Employed

2. How are each of the above calculated?

**TYPES OF CAPITAL (contd.)**

f. **OWNERS EQUITY OR NET WORTH OR CAPITAL OWNED**: This refers to the excess of total assets over liabilities i.e. excess of fixed and current assets over total liabilities (long term and current liabilities).

g. **LOAN CAPITAL OR CAPITAL BORROWED**: This refers to long-term liabilities. For example debenture stocks long term loans from banks repayable after one year.

h. **RESERVE CAPITAL**: This is the part of issued capital not yet called-up. It is also know as uncalled capital. Reserve Capital = Issued Capital - Paid Up Capital

**i. Nominal or Authorized Capital:** This is the maximum amount of capital which a company is authorized to raise as stated in its memorandum of Association .it is also refer to as nominal capital or registered capital

**j. Issued capital:** This is that part of the authorized capital that has been issued to shareholders for subscriptions. It may be the same or less than the authorized capital.

**k. Called-up capital:** This is the part of the issued capital that shareholders have been required to pay up to date. E.g. A company which has issued shares of =N=115,000 out of the normal capital of =N= 200,000 may require shareholders to pay =N= 0.60 for the time being out of the =N=1 due on each share. In this case, the called-up capital will be =N=90,000 and the remaining =N=60,000 will be the uncalled capital

**l. Paid up capital:** This is the part of the called up capital which shareholders have actually paid for .It refers to the sum actually received in cash by the company when it called on the shareholders to pay E.g. out of the =N=90,000 called up, what was actually paid up by (or received from) shareholders might be =N=87,000.

**m. Uncalled capital:** This is the total amount that has not been called up on the issued capital .It refers to the balance between the called up capital and the issued capital. This may be called on later when more capital is required.

**n. Call in arrears:** this is the difference between the called up capital and the paid up capital. It represents part of the Called-up capital which is yet to be paid by the shareholders after the call for payment has been made.

**o. Calls paid in Advance:** This is the money received in advance of calls i.e. the sum the company receives before calls are made for payment.

**REVIEW QUESTIONS**

1. Outline six kinds of share and loan capital utilized by public limited liability companies.
2. Explain how a public limited company may increase capital employed.

(a) temporarily (b) permanently

**READING ASSIGNMENT**

Essential Commerce for SSS by O.A Longe page 187-196.

**WEEKEND ASSIGNMENT**

1. The amount of capital which a new company proposes to be registered is called \_\_\_

(a) called-up capital (b) nominal capital (c) issued capital (d) fixed capital

2. The excess value of the assets of a business over its liabilities is \_\_\_\_

(a) capital owned (b) working capital (c) issued capital (d) reserve capital

3. Debenture is an example of \_\_\_\_\_\_

(a) fixed capital (b) share capital (c) loan capital (d) working capital

4. Assets of business which cannot be changed easily to cash are known as \_\_\_\_\_

(a) floating capital (b) fixed capital (c) working capital (d) current capital

5. Capital owned is the same as \_\_\_\_\_\_\_\_\_

(a) authorized capital (b) issued capital (c) net worth of a business

(d) fixed assets of a business

**THEORY**

1. State any four sources of capital for a public limited liability company.

2. List three importance of working capital to a business.

**GENERAL EVALUATION QUESTIONS**

1. List five advantages of using a cheque as a means of payment
2. State seven differences between hire purchase and deferred payment
3. Explain five reasons for winding up a public limited company
4. Give seven features of a public enterprises
5. Give five reasons why a life assurance policy may be taken

**WEEK THREE AND FOUR**

**TOPIC: PROFIT**

**CONTENT**

1. Types of profit

2. Items in the Trading, profit and Loss Account.

3. Factors Affecting Profit.

4. Turnover/Rate of Turnover.

**PROFIT**

The profit of a business firm could be either Gross Profit or Net Profit.

**GROSS PROFIT**: This is the total sales less

Cross Price: It is the same as mark-up which is the amount a seller adds to his cost or buying price to determine his selling price.

i.e. Gross Profit = Sales - Cost of Sales

It should be noted that the gross profit of a firm is not the true profit since other expenses are incurred in running the business. The gross profit, by itself, cannot, therefore, tell whether or not a business firm is making a headway. The most important thing to look at is the NET PROFIT.

**NET PROFIT**: This refers to the gross profit less the expenses of running the business. This is the

amount left for the owner or owners of the business as a reward for the risk taken. The success of the business is measured in terms of the Net Profit.

Expenses incurred in running a business include rent, rates, advertising depreciation, bad debts electricity bills wages and salaries transportation, carriage outwards, insurance etc.

**ITEMS IN THE TRADING PROFIT AND LOSS ACCOUNT**

1. Purchases
2. Sales
3. Returns inwards
4. Returns outwards
5. Carriage inwards
6. Gross Profit or Gross Loss
7. Expenses e.g. rent, wages, insurance etc
8. Other operating incomes e.g. discount received commission received, bad debts recovered etc.
9. Net Profit or Net Loss.

**REVIEW QUESTIONS**

1. Give a short description of information which should be found in:

(a) a trading account

(b) a profit and loss account

2. Explain what is meant by each of the following:

(a) gross profit (b) net profit (c) net sales

**TURNOVER**

This refers to the total net sales during a period. The turnover is variously referred to as the stock-turn, sales turnover or stock-turnover.

**THE RATE OF TURNOVER (or Rate of Stock – turn)**

This refers to the number of times average stock is sold during a given period, usually a year.

It is calculated by dwindling the cost of goods sold by average stock. This means that to find the rate of turnover first, the cost of goods sold must be calculated thus:

**COST OF GOODS SOLD N**

Opening Stock 5,000

Add purchases 35,000

40,000

less: Closing stock 8,000

COST OF GOODS SOLD 32,000

**OR**

**COST OF GOODS SOLD: N**

Sales 50,000

Less: Gross profit 18,000

32,000

Secondly the average stock must be calculated thus:

b. AVERAGE STOCK = OPENING STOCK + CLOSING STOCK

2

= 5000 + 8000 = 13000 = **N** 6,500

2 2

Finally find the rate of turnover thus:

c. Rate of Turnover = Cost of goods sold

Average Stock

= 32,000

6,500

**FACTORS AFFECTING THE RATE OF TURNOVER OF A BUSINESS**

The number of times a trader buys goods and resells them determines the size of his gross profit. In other words, a trader’s gross profit can be increased by boosting his rate of turnover. The various measures to be applied to increase the rate of turnover of a business can be inferred by considering the following factors which affect the rate of turnover.

1. Nature of the product.

2. Advertisement and Sales Promotion

3. Location of the business.

4. Goodwill or reputation of the seller

5. Prices

6. Wide variety of products offered for sale

7. Reliability and frequency of supply

8. Credit facilities.

9. Application of modern sales techniques e.g. self services that encourage impulse buying

10. Number of sales outlets or branches of the business.

**REVIEW QUESTIONS**

1. Distinguish between turnover and rate of turnover.

2. If the cost of goods sold is N4000 and the stock is turned over five times yielding a profit of 10% on sale, calculate the:

(a) average stock

(b) gross profit

(c) turnover

**READING ASSIGNMENT**

Essential Commerce for SSS by O.A Longe page 131-143.

**WEEKEND ASSIGNMENT**

1. The difference between cost and selling price gives\_\_\_\_\_\_

(a) Trading loss (b) Net profit/loss (c) Gross profit or loss (d) Turnover

2. The cost of transporting goods to customers is called \_\_\_\_\_\_\_\_

(a) carriage inwards (b) carriage outward (c) carriage paid (d) carriage forward

3. The turnover of a firm may be affected by \_\_\_\_\_\_\_\_

(a) the demand for its products (b) the cost of its goods sold (c) its closing stock

(d) its net assets.

Use the following equation to answer questions 4 and 5.

Gross Profit = (Closing stock + P) less (Opening stock + G)

4. What is P in the above equation

(a) purchases returns (b) net profit (c) sales (d) carriage outwards

5. What is G in the above equation

(a) Sales return (b) carriage inward (c) purchases (d) sales

**THEORY**

1. Outline any seven factors, which might affect the rate of turnover

2. Distinguish between gross profit and net profit.

**GENERAL EVALUATION QUESTIONS**

1. Describe four types of risks that may be insured against under marine insurance
2. State and explain five classes of shares a public limited company can issue
3. Explain seven reasons for government participation in business enterprises
4. State seven demerits of government participation in business enterprises
5. State seven characteristics of a co-operative society

**WEEK FIVE AND SIX**

**TOPIC: THE FINANCIAL POSITION OF BUSINESS FIRMS**

**CONTENT**

**DETERMINATION OF THE VIABILITY OF A BUSINESS**

To determine whether or not a business is viable an investigation into the following sources of information must be made.

1. Trading, Profit and Loss Account.

2. Balance Sheet

3. Annual Reports of Limited companies.

4. Stock Exchange Report relating to quoted companies.

5. Financial Ratios prepared by accountants and investment analysts.

BALANCE SHEET

The Balance sheet of a firm is the summary or statement of the financial position of that firm at

a particular date, usually at the end of the financial year.

STRUCTURE OF THE BALANCE SHEET

The normal balance sheet shows the capital and liabilities on the left-hand side and the assets

on the right-hand side. An illustration is given below

Peter Okocha Trading Enterprises:

Balance Sheet as at 31st December, 2005

N FIXED ASSETS N

Capital 25,000 Premises 20,000

Add: Net Profit 35,000 Machinery 25,000

60,000 Fixtures & Fittings 5,000

50,000

CURRENT LIABILITIES: CURRENT ASSETS:

Creditors 27,000 Stock 18,000

Bank Overdraft 3,000 Debtors 12,000

30,000 Cash in Bank 6,000

Cash at Hand 4,000 40,000

90,000 90,000

REVIEW QUESTIONS

1. List six examples of each of the following:

(a) Fixed Assets

(b) Current Assets

2. State two importance of the Balance Sheet as a financial statement.

**USES OF FINANCIAL RATIO:**

1. Ratios are used in preparing industrial averages.
2. They can be used to interpret financial statements.
3. They help in comparing performances between and among related organizations.
4. Ratios help to measure the ability of a given entity to meet its short-term obligations.
5. They are used in evaluating the performance of companies in the same business

**DISADVANTAGES OF USING RATIO**

1. Ratios can easily be affected by inflation
2. They can be manipulated upon or abused
3. Different accounting policies affect ratio calculation

**TYPES OF RATIO**

1. Profitability and efficiency ratio
2. Liquidity ratio
3. Investment ratio

**PROFITABILITY AND EFFICIENCY**:

Profitability and efficiency ratios measure the effectiveness of the management as shown by the returns obtained on sales and capital invested. This can be broken down into the following.

1. Net profit%
2. Gross profit%
3. Returns on capital employed
4. Assets turnover ratio
5. Individual expenses items to sales ratio e.g advertising carriage outwards etc

Formulae:

1. NP% = NET PROFIT × 100

SALES 1

1. GP% = GROSS PROFIT × 100

SALES 1

1. Returns on capital employed ROCE. This measures management ability to utilize effectively the organizations resources.

It is PROFIT × 100

CAPITAL EMPLOYED 1

Where capital employed can be : a) total asset b) total assets to current liabilities

1. **ASSETS TURNOVER RATIO**:

This ratio measures the turnover generated by assets and show how fully a company is utilizing its assets.

Formula: SALES

CAPITAL EMPLOYED

1. **INDIVIDUAL EXPENSE TO SALES**:

This helps to reveal the reason for improvement or reduction in the net profit to sales.

Formula : INDIVIDUAL EXPENSES × 100

SALES 1

1. **LIQUIDITY RATIOS**:

These ratios help in measuring the ability of an organization to meet its obligations as they fall due.Ratios under this heading are:

1. Current ratio or working capital ratio
2. Average stock
3. Stock to net current assets
4. Debtors ratio
5. Creditors ratio
6. **CURRENT RATIO OR WORKING CAPITAL RATIO:** This ratio indicates the ratio of current assets to current liabilities. It shows the extent the firm can meet up with its short-term creditors. Low ratio implies lack of working capital while high ratio suggests too much of working capital or capital tied up.

Formula: CURRENT ASSETS CA

CURRENT LIABILITIES CL

1. **ACID-TEST / LIQUID RATIO**:

This ratio provides measures of the firm’s ability to meet its current liability. Should it fall below 1:1,the firm may have some difficulty in paying its debt.

Formula: CURRENT ASSETS – STOCK OR INVENTORY

CURRENT LIABILTIES

1. **STOCK TURNOVER RATIO**:

This is used to measure the number of times stocks are replaced during a given period.

Formula: COST OF GOODS SOLD

AVERAGE STOCK

1. AVERAGE STOCK: OPENING STOCK + CLOSING STOCK

2

**N.B**: Where there is no opening stock,average stock could be calculated by adding closing stock to purchases and dividing by 2

1. **STOCK TO NET ASSET**. This ratio is used to express the stock as a percentage of net assets.

Formula: = STOCK × 100

NET ASSET 1

1. **DEBTORS RATIO**: Debtors ratio measures the average collection period from debtors. It shows the average credit period given to debtors.

Formula: DEBTORS × 365 DAYS

CREDIT SALES

Long collection dates indicate poor credit policy.

1. **CREDITORS RATIO**: This ratio shows the average credit period received from suppliers.

Formula: TRADE CREDITORS × 365 DAYS

CREDIT PURCHASES

**GEARING OR LEVERAGE:** This shows the relationship between owners equity or capital and

debt financing of business assets. It shows the proportion of the assets being financed with

long-term debt.

Gearing Ratio or Leverage Ratio = Long term liabilities

Equity Capital

If the Gearing Ratio is above 40% (0.4) the business is said to be highly geared. If lower than

40% (0.4) the business is low geared.

REVIEW QUESTIONS

1. State two uses of financial ratio.
2. List four liquidity ratios that can be used to evaluate the viability of a business firm.

**READING ASSIGNMENT**

Essential Commerce for SSS by O.A Longe page 153-162.

**WEEKEND ASSIGNMENT**

1. If the turnover of a business is N16,000 and the cost of goods sold is N12,000. What is the percentage of gross profit on sales. (a) 70% (b) 40% (c) 33.3% (d) 25%

2. What are fixtures and fittings in a balance sheet. (a) liquid capital (b) working capital (c) fixed assets (d) current assets

3. The form of capital which is easily transferred into the form desired is known as \_\_\_

(a) working capital (b) liquid capital (c) circulating capital (d) capital employed

4. When a company uses more of loans than equity to finance its business the company is said to be

(a) bankrupt (b) solvent (c) highly geared (d) insolvent

5. Which of the following shows the financial position of a business on a given date\_\_\_\_

(a) bank statement (b) journal (c) balance sheet (d) cash book

**THEORY**

1. State three uses of the balance sheet prepared by business firms.

2. List four uses of the Trading, Profit and Loss Account prepared by business firms.

**GENERAL EVALUATION QUESTIONS**

1. Explain seven roles of transport to businessmen
2. List ten sources of capital available to a public limited company
3. Give seven reasons why consumers need protection
4. State five effects of hire purchase on the buyer
5. State eight reasons why a bank may dishonor a cheque

**WEEK SEVEN AND EIGHT Date:………………**

**TOPIC: THE STOCK EXCHANGE**

**CONTENT**

1. Functions of the Stock Exchange.
2. Operators at the Stock Exchange.
3. Securities dealt with at the Stock Exchange.
4. Speculators at the Stock Exchange.
5. The Second-Tier Securities Market.

**NOTES**

**THE STOCK EXCHANGE**

A stock exchange is a specialized market where investors can buy and sell existing securities like shares,

stocks, debentures and gill edge securities. It is a part of the capital market.

**FUNCTIONS (IMPORTANCE) OF THE STOCK EXCHANGE**

1. It is a market for buying and selling of hand securities.
2. it assists companies to raise capital
3. It determines the value (prices) of shares, stock and other securities on a daily basis.
4. The prices of shares quoted on the stock exchange serve as economic indicator.
5. It assists the government in raising funds e.g. through development stock.
6. It protects investors from any form of fraud.
7. It helps to raise the administrative standard of companies by improving financial management

and accounting information.

1. It provides employment for brokers, jobbers, clerks etc.
2. It provides information to investors and also involved in investors education.
3. It provides yardstick for measuring performance of companies.

**OPERATORS AT THE STOCK EXCHANGE**

Members operating at the stock exchange are

1. Brokers (Stockbrokers)
2. Jobbers
3. Authorized clerk

**TYPES OF SECURITIES DEALT IN AT THE STOCK EXCHANGE**

1. Shares
2. Stocks
3. Debentures
4. Bonds
5. Gilt-edge securities – These are securities issued by the government. This type of securities is very safe as government cannot default (i.e. fail to pay its debts). They are therefore regarded as being risk – free investment.

**EVALUATION**

1. Describe each of the following (a) Stockbrokers (b) Issuing Houses (c) Securities

2. Write short notes on the followings; (a) capital market (b) money market

**SPECULATORS AT THE STOCK EXCHANGE**

1. **BULL**: This is a speculator who buys securities with the hope that the price will rise and that he will sell at higher price for a gain.
2. **BEAR**: This is a speculator who sells securities hoping that the price will fall so that he can buy them at lower prices later and thereby make a profit.
3. **STAG**: This is a speculator who buys new issues direct from a public limited company in the hope that the shares or stocks will be in great demand once they are quoted on the stock exchange a few days later. The stag hopes to make profit after selling.

**METHODS OF ACHIEVING QUOTATION OF SHARE AT THE STOCK EXCHANGE**

1. Offer for sale
2. Offer for subscription
3. Introduction
4. Placement

**THE SECOND – TIER SECURITIES MARKET**

Small and medium sized companies are usually unable to fulfil all the conditions required for a conventional listing on the Stock Exchange.

Therefore an alternative – The Second – Tier market with less stringent conditions and the entry requirements was introduced to enable such companies raise funds through the capital market.

The SSM is an alternative market created to provide for the buying and the selling of securities issued by small and medium sized companies who are unable to meet the requirements for quotation on the main Stock Exchange.

**TERMINOLOGIES CONNECTED WITH THE STOCK EXCHANGE**

1. **BLUE CHIPS**: These are the best industrial shares associated with large nationally known companies. They give a safe and reliable return (e.g. dividends) and has growth potentials in terms of share price appreciation and dividend income.
2. **RIGHT ISSUE**: This is an offer of new shares to existing shareholders of a company who must pay for the additional shares being subscribed.
3. **CUM – DIV** (i.e. Cum Dividend) – Meaning including dividend or with dividend – that is, the purchaser of a stock termed “cum div” will be entitled to dividend when due.
4. **EX DIV** (i.e. Ex Dividend) – Meaning the purchaser of a stock with such a term will not be entitled to dividend.

**EVALUATION**

1. Explain five Securities traded on the Stock Exchange
2. What is the importance of Stock Exchange to the economic growth of Nigeria?

**READING ASSIGNMENT**

Essential Commerce for SSS by O.A. Longe Page 202 – 209.

**WEEKEND ASSIGNMENT**

1. A person that buys shares hoping to resell at higher price is called a (a) bull (b) bear (c) stag (d) broker
2. In a stock exchange transaction, the buyer is NOT entitled to the dividend when the stock is quoted (a) clean (b) ex-dividend (c) double barreled (d) cum – dividend
3. 3. Any member of the public who wants to buy shares at the stock market will first of all meet a/an (a) agent (b) broker (c) jobber (d) shareholder
4. 4. Government securities are described as gilt – edge because they are (a) issued under tight security (b) owned by public corporation (c) traded on the stock exchange (d) regarded as safe to invest in.
5. When shares are sold cum-div, it means the (a) holder is entitled dividend (b) holder cannot resell it. (c) stockbroker is entitled to the dividend (d) dividend is fixed

**THEORY**

1. List four securities traded on the stock exchange.
2. What is the second- Tier securities market?

**GENERAL EVALUATION QUESTIONS**

1. Distinguish between Authorized Capital and Called-Up Capital
2. State five characteristics of a limited liability company
3. List five advantages of after-sales services
4. List and explain three types of life assurance policies
5. Explain three types of accounts that are operated in a commercial bank

**WEEK NINE AND TEN Date:……………………….**

**TOPIC: COMMUNICATION**

**CONTENT**

1. Importance of Communication to Commerce
2. Functions/Services of NIPOST
3. Functions/Services of NITEL
4. Services of Courier firms(companies)

**NOTES**

Communication is the act of sending and receiving message/information from one person or place to another. Communication could be oral, written or visual.

**IMPORTANCE OF COMMUNICATION TO COMMERCE**

1. It facilitates contacts between businessmen
2. It creates awareness for goods and services thereby increasing demand for goods/sales
3. It facilitates the settlement of business debts e.g. Mail transfer
4. The use of wireless makes it possible to control ships, aeroplanes, spacecrafts etc.
5. It facilitates mail order business
6. It links the whole world into one economic unit thereby facilitating international trade.
7. It facilitates the distribution of vital business documents as well as goods
8. It reduces the cost and risk in traveling for business transactions

**MEANS OF COMMUNICATION**

i. Posters ii. Radio iii. Television iv. Letters v.Telephone vi. Telegrams vii. Telex viii. Internet ix. Satellite x. Post office.

**FUNCTIONS/SERVICES OF NIPOST**

1. Issuance of postage stamps
2. Ordinary letter post
3. Parcel post
4. Registered Letters
5. Express Letters
6. Private boxes (P.O Box) and bags (P.M.B)
7. Poste Restante
8. Recorded Delivery
9. Business Reply Services
10. Licensing of franking machine.
11. Free post
12. Air mail services
13. Acting as agent of payment
14. Cash on Delivery (C.O.D) Services
15. Acts as a savings Bank
16. Provision of means of payment e.g. postal orders, money orders etc.

**EVALUATION QUESTIONS**

1. List five services provided by NIPOST.

2. State five importance of communication in commerce.

**FUNCTIONS/SERVICES OF NITEL**

1. Telephone services
2. GSM services i.e. through MTEL
3. Telex Services – for printed messages sent through machines called teleprinter
4. Satellite services e.g. for live transmissions of games ,events etc
5. Data Transmission Services
6. Provision of Telephone Directories
7. Telegram Services

**FUNCTIONS/ADVANTAGES OF COURIER SERVICES**

1. Fast and safe delivery of mails and parcels
2. They undertake air cargo and bulky shipments of commodities
3. They render nationwide (and world wide) services. Services are extended even to rural areas.
4. Twenty four hour services are provided
5. Important mails and parcels are insured
6. Their services are more personal and cordial
7. The courier companies provide employment opportunities

Differences between the Courier Services and Post Office Service

|  |  |  |
| --- | --- | --- |
|  | Courier services | Postal services |
| 1 | Materials are usually insured | Materials are not usually insured |
| 2 | Loss of goods are low | Loss of goods are high |
| 3 | Very expensive | Relatively cheaper |
| 4 | Very quick, efficient and reliable service | Very slow and inefficient service |
| 5 | Longer hours of services are rendered | Less hours of services are rendered |
| 6 | Nationwide and worldwide coverage | Less coverage of activities |
| 7 | Personal and cordial relationship with customers | Less personal attention is given to customers |
| 8 | Provide door- to-door service | Do not usually door-to-door service |

**EVALUATION**

1. State five functions of a) NIPOST b) NITEL

2. List five advantages of courier services over public postal services

**READING ASSIGNMENT**

Essential Commerce for SSS by O.A Longe page 222-231

**WEEKEND ASSIGNMENT**

1. Mail order firms largely depend on the services of the a) banks b) insurance companies

c) mobile vans d) post office

1. Telecommunication services are provided by a) NITEL b) NIPOST c) courier services d) Bureau De Change
2. Which of the following involves the delivery of mails to a traveler without fixed address

(a) Speed post (b) Reply paid (c) Recorded delivery (d) Poste Restante

1. The fastest and mot accurate means of passing information is (a) airmail letter (b) express letter (c) telegram (d) telephone
2. In which of the following does the number of words used determine the cost of the message

a) Telephone b) Recorded delivery c) Telex d) Express mail.

**THEORY**

1. State three functions of courier companies

2. List three importance of communication to commerce

**GENERAL EVALUATION QUESTIONS**

1. State seven functions of a chamber of commerce
2. Explain five functions of a trade association
3. State five problems that a co-operative society may likely face
4. Explain five importance of working capital to a business
5. State five factors that can affect the rate of turnover of a company