

**SECOND TERM E-LEARNING NOTE****SUBJECT: COMMERCE****CLASS: SS 3****SCHEME OF WORK**

| <b>WEEK</b> | <b>TOPIC</b>   |
|-------------|--|
| 1           | Introduction to Marketing  |
| 2           | Advertising  |
| 3           | Public Relations/Consumer Services   |
| 4           | Law of Contract  |
| 5-6         | Agency   |
| 7           | Sale of Goods Act /Hire Purchase Act                                       |
| 8           | a. Employer /Employee Relationship<br>b. Government Regulation of Business |
| 9           | Information and Communication Technology                                   |
| 10          | Revision   |
| 11          | Examination  |

**WEEK ONE****TOPIC: INTRODUCTION TO MARKETING****CONTENT**

- Definition of marketing.
- Functions of marketing
- Marketing concept.
- Marketing mix
- Definition of marketing terms

**NOTES**

Marketing may be defined as the process of assessing consumer needs, wants, preferences and demand; designing and producing goods and services that will satisfy such wants and moving such goods and services to the final consumer at a profit to an organisation.

**Importance of Marketing to the Economy**

1. It encourages mass- production which leads to lower unit cost of goods and services
2. It promotes competition and efficiency
3. It improves the standard of living of people by making modern goods available to them
4. It creates employment opportunities for the practitioners
5. It ensures consumers satisfaction
6. It increases productivity (GDP) and is the key to economic growth

**Functions of Marketing**

1. Exchange function
2. Buying function
3. Selling function
4. Storage function
5. Transportation function
6. Financing function
7. Risk bearing function
8. Pricing function
9. Standardizing and grading of goods

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10. Market information and research
11. Production planning and development
12. Determining the level of production

### **EVALUATION QUESTIONS**

1. What is Marketing
2. Explain five functions of marketing

### **MARKETING CONCEPT**

This is a principle which states that a business merely exists to satisfy the needs (and wants) of its customers. Therefore all marketing activities are geared towards (or aimed at) identifying the needs of consumers, designing and producing goods to satisfy these needs while at the same time meeting the goals of the organization (i.e. maximization of profits).

A company adopts marketing concept when all its efforts are directed towards meeting the needs and aspirations of the consumers.

Marketing concept includes:

1. Identifying the needs of consumers
2. Development of products to suit these needs
3. Planning and organizing programmes to bring the product to the consumers
4. Carrying out post sales activities that will ensure that the products are satisfactory in use.

### **MARKETING MIX**

This refers to the combination of FOUR controllable variables employed by a business enterprise to set up its marketing policy which has the aim of satisfying the needs of the consumers and to increase the sale of the goods.

The four variables are usually called the 4P's i.e.

- a. Product
  - b. Price
  - c. Promotion
  - d. Place
- A. Product Mix: This is concerned with developing the right product for the target market. It involves decision taken by the firm about packaging, labeling, branding, trade marks, designs, modifications, durability and quality of their products.
- B. Price Mix: This relates to the placing of the right, profitable and justifiable price on a particular product that will suit the customers and at the same time fetch higher revenue to the manufacturer. The components of price mix are discounts, credit terms, allowances, margins, mark-up, freight etc.
- C. Promotion Mix: This involves the procedure employed by a business to let the public know about their products and services. The various forms of promotion that the firm can use include:
- i. Personal Selling
  - ii. Sales Promotion
  - iii. Advertising
  - iv. Publicity
  - v. Public Relations
- D. Place Mix: This relates to all the activities carried out in the movement of goods and services to the consumers. It involves how the producer distributes his goods to the consumers at the right market (place), time, quantity and quality.

**DEFINITION OF MARKETING TERMS**

1. Consumer Sovereignty: This concept assumes that consumers are always right. It is also known as the supremacy of the consumer in determining what a firm has to produce. Therefore, the planning and operations of the organisation must be consumer-oriented i.e. having the consumer in mind while planning.
2. Market Research: This is the study conducted by a firm and aimed at determining consumers demand and guide the firm in its production and marketing activities.
3. Market Segmentation: This relates to grouping consumers based on their purchasing habits. It helps in defining target markets.
4. Consumer orientation: This is the concept of marketing which begins and ends with the needs and wants of the consumers rather than that of the organisation. Consumer satisfaction is the major aim of this concept.

**EVALUATION QUESTIONS**

1. What is marketing concept?
2. Explain the four elements of the marketing mix
3. Differentiate between marketing and a market
4. Explain the meaning of the term "Market Segmentation".

**GENERAL EVALUATION QUESTIONS**

- 1 State three uses of capital as a factor of production
- 2 State four uses of land as a factor of production
- 3 State five features of a partnership business
- 4 Explain five reasons why government participate in business
- 5 State five advantages of a public limited company

**READING ASSIGNMENT**

Essential Commerce for SSS by O.A. Longe Page 292 – 306

**WEEKEND ASSIGNMENT**

1. The general idea of "looking at a business but using the consumer as the mirror" illustrates (a) marketing concept (b) market orientation (c) consumer research (d) product orientation
2. To know precisely how consumers react to a product, a manufacturer should (a) make a feasibility study (b) take stock control (c) undertake a marketing research (d) product
3. Which of the following is not part of the four P's of marketing (a) place (b) publicity (c) promotion (d) product
4. Marketing concept means (a) selling goods directly to consumers (b) introducing new product into the market (c) emphasizing consumer's satisfaction (d) persuading customers to buy more
5. Combination of methods used by a firm for marketing its products is known as (a) market research (b) marketing mix (c) marketing concept (d) market segmentation

**THEORY**

1. Define the term 'marketing mix'
2. List four components of the marketing mix

**WEEK TWO****TOPIC: ADVERTISING**

**CONTENT**

- Functions of Advertising
- Types of Advertising
- Media of Advertising
- Merits and Demerits of Advertising

Advertising is the branch of commerce which deals with promoting sales of goods, services or ideas through messages that are meant to inform, educate and persuade the general public by means of various methods such as newspaper, radio, television.

**FUNCTIONS OF ADVERTISING**

1. Creation of demand for goods and services
2. Informing customers about the existence of new products in the market
3. Persuading customers to buy particular products
4. Educating the public about the uses of a particular product
5. Used to promote the image of firm as producers/sellers of high quality goods and providers of efficient and reliable services
6. It helps in creating brand loyalty
7. It improves the quality of the products

**TYPES OF ADVERTISING**

1. Informative Advertising: This is aimed at informing consumers about the existence/arrival of products. It also gives information about the benefits and uses of a product
2. Persuasive Advertising: This type of advertising uses convincing words/strategies to persuade the customers to buy a particular brand of a product
3. Competitive Advertising: This is aimed at convincing the customer that a particular product is better than others. It usually extols the qualities of the advertised brand over its rivals (i.e. close substitutes)
4. Direct Advertisement: This is used to advertise goods and services that are used by only a specific class of people e.g. a new brand of chalk could be advertised specifically to schools through the medium of an educational journal.
5. Indirect Advertisement: This form of advertisement is not directed to any section or class of people. It is used to advertise goods and services meant for all and sundry.
6. Mass and Specific Advertising: Mass advertising involves the producers/sellers of similar products coming together to jointly advertise their products to the public. Mass advertising promotes the industry by convincing the public to use the product/service without reference to particular brands e.g. eggs.

Specific advertising directs its appeal on a particular brand which is unique in nature.

**MEDIA OF ADVERTISING/METHODS OF ADVERTISING**

(1) The Press (i.e. newspapers, magazines, journals etc.) (2) Television (3) Cinema (4) Hoarding (5) Radio (6) Catalogues (7) Posters (8) Neon Signs (9) Handbills/Pamphlets (10) Exhibitions / Trade Fairs (11) Window display /Interior displays (12) Direct Mail etc.

**EVALUATION**

1. List five functions of advertising
2. a. What is an advertising medium  
b. Give seven examples of advertising media in use in Nigeria.

**FACTORS TO BE CONSIDERED IN CHOOSING AN ADVERTISING MEDIA**

1. The cost of using any of the media
2. The type or nature of the product to be advertised

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3. The reach (i.e. the extent of coverage/size of the audience) of the medium
4. The merits and demerits inherent in using the medium
5. The frequency of exposures i.e. the number of times the same viewer/reader may be exposed to the same advert
6. The target audience e.g. social/age group of the audience

### **ADVANTAGES OF ADVERTISING**

1. It provides information about goods e.g. about the availability, price, features of the goods concerned
2. It provides employment opportunities to people working in the advertising sector of the economy
3. It builds and sustain corporate image for firms
4. It improves the quality of goods
5. It educates the public on the use of certain goods
6. It increases production i.e. it makes large scale production possible thereby leading to lower cost of production
7. It increases the volume of sales/turnover of firms
8. Advertising creates and sustains demand for goods

### **DISADVANTAGES OF ADVERTISING**

1. It induces wrong consumption patterns by inducing people to buy what they do not really need
2. Advertising increases the cost and prices of goods sold to consumers
3. It creates unhealthy competition by which an advertiser discredits the products of their rivals
4. Advertising could mislead consumer through false claims
5. It encourages the consumption of dangerous goods such as cigarettes and alcohol
6. Advertising is most times wasteful in terms of resources
7. It may lead to the emergence of private monopolies by preventing new entries to the market
8. Advertising encourages multiplication of brand names i.e. it encourages too many brands

### **EVALUATION**

1. State five factors to be considered before choosing an advertising medium
2. State three advantages and three disadvantages of using each of the following media of advertising (a) Newspaper (b) Radio (c) Television (d) Poster (e) Direct Mail

### **GENERAL EVALUATION QUESTIONS**

- 1 Explain five benefits that would be derived when a sole trader admits other partners
- 2 State five features common to both public and private limited companies
- 3 State five provisions of a memorandum of association
- 4 State five disadvantages of international trade
- 5 Explain five measures a country can take to solve its balance of payments problems

### **READING ASSIGNMENT**

1. Essential Commerce for SSS by O.A. Longe Page 251 – 259
2. Comprehensive Commerce for SSS Page 507 – 524

### **WEEKEND ASSIGNMENT**

1. The advertising medium which uses electric current in bulbs is referred to as \_\_\_\_\_

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- (a) bill boards (b) neon signs (c) television (d) video
2. Which of the following is not a purpose of advertising? (a) promoting brand names (b) increasing sales (c) segmenting the market (d) creating awareness
  3. Print media advertising is usually carried out through \_\_\_\_ (a) exhibitions and trade fairs (b) newspapers and magazines (c) window and point of sale display (d) television and radio
  4. Advertising could be used to achieve all the following except \_\_\_\_ (a) building primary demand (b) creating brand loyalty (c) creating employee loyalty (d) increasing market share
  5. An already existing line of product is advertised in order to \_\_\_\_ (a) build brand recognition (b) develop customers' awareness (c) retain old customers (d) introduce a price deal

### **THEORY**

1. Explain five functions of advertising.
2. State five disadvantages of advertising.

### **WEEK THREE**

#### **TOPIC: PUBLIC RELATIONS / CUSTOMERS SERVICES**

#### **CONTENT**

- Importance of Public Relations
- Media of Public Relations
- Types of Customer Services

Public relation is the image building done by an organization to give the public favourable impression about its aims and policies.

#### **FUNCTIONS OR IMPORTANCE OF PUBLIC RELATIONS**

1. It ensures the maintenance of a favourable relationship between an organisation and the general public
2. It helps to increase the goodwill of a company or business
3. It is a source of useful advice to the management of a business
4. It helps in advertising the products or services of the organisation
5. It helps in building the image of the organisation
6. It creates confidence and understanding between the firm and the public
7. Company policies are well explained and understood by the public
8. It helps in maintaining good company / employees relationship

#### **MEDIA OF PUBLIC RELATIONS**

1. Exhibitions i.e. display of products of the firm to members of the public at selected places
2. Trade Fairs usually large national or international exhibition which are held annually and where organisation's could display their products/services
3. Free samples or free gifts – This is given by organisation's to their customers or employees to maintain their goodwill
4. Publication of feature articles e.g. in national dailies or magazines e.g. about the company's profiles, management team etc.
5. Organisation of seminars workshops and conferences
6. Provision of After-sales services
7. Sponsoring of programmes, sporting events and bankrolling live telecasts of sporting events etc.

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8. Engaging in social responsibility i.e. providing the community with social amenities e.g. hospitals, boreholes, roads etc.
9. Engaging in donations to charitable ventures e.g. motherless children homes etc.

### **EVALUATION**

1. State and explain five media of public relations
2. State four differences between trade fair and exhibition

### **CUSTOMER SERVICES**

Customer services are services rendered free of charge by the seller to his customers in order to convince them to buy or to retain their patronage.

Customer services can be divided into two categories. They are:

1. Pre-sales services
2. After sales services

**Pre-Sales Services:** These are services provided to the customers before the goods are bought. They include:

1. Granting of credit or hire purchase sales facilities
2. Sorting of goods
3. Labeling of goods
4. Pre-packaging the goods
5. Dispatching of price list and quotation
6. Blending the goods
7. Granting of discounts
8. Assisting the prospective buyer to set up facilities for storage.

**After sales Services:** These are extra services sometimes made available to a customer sometimes made available to a customer after he has purchased the product in order to ensure his continuous patronage. These include:

1. Home delivery i.e. Free transportation of goods to the home/shop of customer
2. Free installation services
3. Free servicing, repairs and maintenance
4. Ensuring adequate / regular supply of spare parts
5. Provision of free advice on use
6. Granting guarantee/warranty to the buyer

### **EVALUATION**

1. Distinguish between Pre-sales services and After-sales services
2. Give four examples each of pre-sales services and after-sales services.

### **GENERAL EVALUATION QUESTIONS**

1. What is a bonded warehouse
2. State five importance of warehousing to Commerce
3. What factors should be considered in siting a small retail shop
4. What five benefits does Nigeria derive from engaging in international trade
5. State and explain five problems likely to be faced by a businessman who wants to sell his goods overseas

### **READING ASSIGNMENT**

1. Essential Commerce for SSS by O.A. Longe Page 260 – 262
2. Comprehensive Commerce for SSS Page 525 – 530

### **WEEKEND ASSIGNMENT**

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1. A deliberate effort to boost the image of an organization is known as (a) advertising (b) personal selling (c) public relations (d) sales promotion
2. The reputation and good image benefits arising from the business connections of a firm are called (a) Commission (b) dividend (c) goodwill (d) interest
3. the advertising medium which uses electric current in bulbs is referred to as (a) bill boards (b) television (c) posters (d) neon signs
4. The provision of detailed information about the goods to be purchased, demonstrating their uses and functions are features of (a) branding (b) personal selling (c) pre-sales services (d) market research
5. Which of the following is the aim of public relations (a) to change prices of product (b) to encourage competition among firms (c) to create goodwill for the company (d) to make consumers law abiding

### **THEORY**

1. List five media of public relations that can be employed by firms
2. State four examples of after-sales services

### **WEEK FOUR CONTENT**

- Definition of Contract
- Parties to a Contract
- Essential Elements of a Contract
- Types of Contract
- Determination of a Contract

### **NOTES**

#### **Definition of Contract**

A Contract is an agreement between two or more parties which creates legal rights and obligations as between the parties involved.

**Parties to a Contract:** This is the identity given to the persons who have made an agreement that is recognized by law as a valid contract

E.g. Landlord and Tenant  
Insurer and Insured  
Bank and Customer  
Vendor and Vendee



**Essential elements of a contract**

A contract must satisfy certain basic requirements in order to be enforceable at law. These are:

1. Offer and Acceptance
2. Valuable Consideration
3. Intention to create legal relationship €
4. Legal capacity of the parties
5. Genuine Assent
6. Legal Object

**Offer and Acceptance**

An Offer is a definite statement by one party called the **OFFEROR** of the terms under which he will enter into contract with the party to whom it is made called the **OFFEREE**. An Acceptance occurs when the party to whom an offer is made agrees without attaching any conditions to the offeror's proposal. Any attempt to accept the offer with modification is not an acceptance but a counter-offer which itself requires acceptance before a contract emerges. For an agreement to constitute a valid contract there must be an offer by one party and acceptance by another party.

**Valuable consideration:** Consideration is whatever is done or suffered or promised to be done or suffered by one party in return for the promise of the other party. To support a simple contract, consideration must be valuable. The most common example of valuable consideration is money or other property or a promise to pay money or transfer property.

**Intention to create legal relationship**

An agreement will not constitute a binding contract unless it is intended by the parties to it that should give rise to legal relations. An agreement to attend a dinner would not be a contract because it would neither be intended to create nor would it in fact create any legal obligations between the parties to it.

**Legal capacity of the parties**

The parties involved in a contract must possess legal capacity to contract. The following classes of persons are not capable in law of entering into a valid contract;

- (a) Minors i.e. infants under eighteen years of age.
- (b) Lunatics or insane persons
- (c) Drunken persons or persons induced with drugs.

**Genuine assent**

For a contract to be valid in law, the agreement involved must have the mutual consent or assent of the parties. Where the consent of one of the party was obtained through fraud, deceit, misrepresentation or under undue influence, there is no valid contract.

**Legal object**

The purpose of the contract should not violate any law of the land. The Courts will not enforce an illegal contract, even though all the elements required for formation of a valid contract are present.

In some cases such illegal contract involves a breach of criminal law. For example a contract between two or more persons to

- (a) Commit murder or arson
- (b) Defraud individuals or the government.

**EVALUATION**

1. What is a contract?
2. List five examples of illegal objects as related to contract

**TYPES OF CONTRACT****Formal and Informal Contract**

Formal contract are normally written contracts. They are usually effected by affixing a seal on a written agreement or document.

Informal or simple contracts are contracts whether written or oral, which are not under seal.

**Oral or Written Contract**

Oral contracts are contract entered into by the use of spoken words.

Written contracts are contracts documented by written evidences on a paper.

**Express or Implied Contract**

Express contracts are contracts resulting from actual agreements between the parties.

Implied contracts does not have any evidence of actual agreement between the parties but may still be sustained by the acts or conducts of the parties involved.

**Valid Contract**

This is an agreement that satisfy all the six basic requirements mentioned above. It is enforceable at law.

**Void and Voidable Contract**

A voidable contract is an agreement lacking in some basic requirements, that may be rejected or adopted (or concurred) by one of the parties e.g. in case of mistake, misrepresentation, ratification etc.

A void contract is an agreement without legal effect and is usually incapable of enforcement e.g. agreement to commit illegal (acts contrary to the law) e.g. murder, forgery, fraud, treason, drug, trafficking, prostitution etc.

**Executed and Executory Contract**

Executed contract is a contract that has been completely performed.

Executory contract is a contract that has not been completely performed.

**Unilateral / Bilateral / Multilateral Contract**

Unilateral contract is a one – sided contract which is initially binding only on one person who make a promise, the person to whom promise is made being free to perform his part or not as he wishes e.g. an offer of N500 by Dayo to anyone who finds and returns his lost calculator.

Bilateral contract is a contract involving two parties who make mutual promises to the other.

Multilateral contract – where more than two parties are involved in making mutual promises to one another.

**DISCHARGE (DETERMINATION) OF A CONTRACT**

A contract is said to be discharge or determined when its obligations are no longer binding on the promisor. Discharge (determination) may be effected by:

1. Voluntary agreement between the parties.
2. **Breach** – when a party to a contract refuses to perform the obligation imposed on him under the contract.
3. **By full performance** – where both parties (all parties) have conclusively met or carried out their obligations under the contract.

4. **Frustration** – where either party can not continue due to:
  - (a) Fundamental change of circumstances
  - (b) Subsequent illegality e.g. alteration of a written law affecting the contract
  - (c) Destruction of the subject matter of the contract
  - (d) Personal incapacity of parties e.g. death, lunacy, bankruptcy
5. **Lapse of time** i.e. the end of time agreed between the parties for which the contract is to run.

### **EVALUATION**

1. Differentiate between a voidable contract and a void contract
2. Differentiate between express contract and implied contract

### **GENERAL EVALUATION QUESTIONS**

- 1 Give five examples of small scale retail outlets
- 2 Explain five reasons for the survival of small scale retailers
- 3 State five aids to trade and explain how each facilitates trade
- 4 Explain any five reasons why commerce is important in the life of a nation
- 5 Illustrate with a labelled diagram the main divisions and subdivisions of production

### **READING ASSIGNMENT**

1. Essential Commerce for SSS by O. A Longe Page 262 – 273
2. Comprehensive commerce for SSS by J. U. Anyaele Page 458 – 465

### **WEEKEND ASSIGNMENT**

1. A counter offer operates as (a) an acceptance (b) an offer (c) a rejection (d) an agreement
2. An agreement between two parties which will give rise to enforceable rights and obligations known as (a) a contract (b) a consideration (c) an offer (d) an acceptance.
3. Mr. Olu paid Akin the sum of N300, 000 for a piece of land without their signing any deed of sale. Which of the following elements of contract is lacking in the transaction (a) valuable consideration (b) offer and acceptance (c) formality (d) capacity
4. Samuel presented his motor – cycle for sale to Musa at a cost of N8000. Musa agreed and bought the vehicle at the same amount. The N8000 for the sale is a/an (a) offer (b) acceptance (c) security (d) consideration
5. When an acceptance to an offer is conditional the offer becomes (a) accepted (b) a counter – offer (c) frustrated (d) void

### **THEORY**

1. List the six essential elements of a valid contract
2. Mention three ways by which a contract may be determined

### **WEEK FIVE**

#### **TOPIC: AGENCY**

#### **CONTENT**

- Definition of agency
- Function of an agent
- Parties to contract of agency
- Method of creating agency
- Duties of the agent
- Duties of the principal
- Rights of the agent and the principal

**NOTES**

Agency is the relationship which arises whenever one person (the agent) acts on behalf of another person (the principal) and has power to affect the principal's legal position with regard to a third party.

In practice, the two most important function of an agent are:

- (a) Making contracts on his principal's behalf
- (b) Disposing of his principal's property

There are three parties to the contract of agency

- i. Principal
- ii. Agent
- iii. Third party (parties)

**Methods of Creation of Agency**

1. By agreement or consent of the parties either express or implied
2. Necessity – by the operation of the law under the doctrine of agency of necessity.
3. By Ratification – retrospectively approving what someone has done on one's behalf without prior authority.
4. By Estoppel – Where a person having information that someone has been parading himself as his agent without his authority and failing to stop him; will subsequently be prevented from denying that such a person is his bonafide agent.

**Duties of the Agent**

1. **Obedience:** The agent must act strictly according to the principal's instructions.
2. **Care and skill:** An agent professing a particular calling must show the degree of skill appropriate to his mandate. He must also exercise care in handling the business of his principal.
3. **Personal performance:** Duty of non-delegation; the agent must perform personally and cannot delegate.
4. **Duty to Account:** An agent must keep proper books of accounts on behalf of his principal. He must also render (present) this account to his principal at stated intervals.
5. The agent also has a duty to keep the principal's property distinct from that of the agent.
6. Duty of good faith: An agent is not allowed to make a secret profit or receive a bribe.
7. Duty of Secrecy: An agent must keep his principal's affairs secret
8. Full performance: Agent has duty to perform fully according to terms of the agreement.
9. An agent must communicate all material facts to his principal with reasonable diligence.

**EVALUATION**

1. Who can appoint an agent?
2. Can a minor act as an agent?

**Duties of the Principal**

1. **Indemnity :** The principal is expected to reimburse the agent on any expense he incurs in the performance of his agency
2. **Remuneration:** The principal must pay the agent all commissions and remunerations due to him.
3. **Performance:** The principal also has the duty to perform fully according to the terms of the agreement.

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**NB:**

- (i) The duties of the agent are the rights of the principal
- (ii) The duties of the principal are the rights of the agent

In addition to the above, the following right of the agent must be noted

**LIEN:** An agent has the right to retain possession of the property of the principal as security for payment of a debt (e.g. his commission)

**Method of Termination of Agency**

1. By agreement between the agent and the principal
2. Revocation of the agent's authority by the principal
3. Renunciation of the agent's authority by the agent himself
4. Full Performance – i.e. completion of the agent's assignment
5. Death of either party
6. Insanity of either party
7. Bankruptcy of either party
8. Passage of time: Where an agent is appointed for a fixed period of time, the expiration of that period terminates his authority whether the agent has completed his assignment or not
9. Frustration: e.g. changes in the law, subsequent illegality, destruction of the subject matter of the agency etc

**EVALUATION**

1. Give five examples of situations where the termination of agency can be ascribed to frustration.
2. List three classes of people that cannot appoint an agent

**GENERAL EVALUATION QUESTIONS**

- 1 List eight means of payment in business
- 2 Give five reasons for the protection of consumers
- 3 State five measures taken to protect consumers
- 4 What is a channel of distribution
- 5 Explain five advantages of home trade over foreign trade

**READING ASSIGNMENT**

Comprehensive commerce for SSS by J. U. Anyaele Page 474 – 481

**WEEKEND ASSIGNMENT**

1. Okeze contracted to sell TV sets to Ojo. Unknown to them, the sets were stolen in transit. This contract may be terminated on the grounds of (a) bankruptcy (b) fraud (c) breach of contract (d) frustration
2. **Q**, acting as the agent of **P**, lawfully and reasonably incurs the amount of N850 as expenses. If **Q** comes to **P** for payment, this is an instance of **P**'s duty to (a) remunerate **Q** (b) repay **Q** (c) indemnify **Q** (d) settle **Q**
3. A bus driver operating between Lagos and Jos pledged the owner's credit in Benin in order to have the engine repaired and the bill sent to the owner. This is a case of (a) del credere agency (b) agency by necessity (c) agency by ratification (d) agency by estoppel
4. Which of the following must be present in an agency by agreement (a) intentions (b) will (c) consent (d) authority
5. An agent must not make any secret profit in the performance of his duties but can only be rewarded by his principal through (a) Remuneration and indemnity (b)

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payment of commission and salary (c) granting of business concession (d) forwarding  
of business links

## THEORY

1. List three ways by which an agency can be created
2. State four rights of the agent

## WEEK SIX

### TOPIC: AGENCY

### CONTENT

- TYPES OF AGENTS
- NOTES

### TYPES OF AGENTS

An agent could belong to one of the following classification:

1. **Universal Agent** – An agent given unlimited or unrestricted power to enter into any type of business contract on behalf of the principal.
2. **General Agent** – An agent that has authority to act in all matters relating to a particular business.
3. **A Commissioned Agent** – Buy and sell goods at competitive prices on behalf of the principal in return for a commission linked to sales figures posted. He can deduct his commission when remitting sales money to his principal and equally add his commission to the cost of goods bought on behalf of the principal.
4. **Broker** – A commercial agent who has the following features:
  - (i) Does not have possession of goods
  - (ii) A commission agent
  - (iii) He does not sell in his own name
  - (iv) His main job is to link his principal with potential customers
  - (v) He cannot pledge the goods
  - (vi) He has no lien on the goods
  - (vii) He commission is termed **brokerage commission**
  - (viii) He can only sue in the principal's name for the recovery of any amount due to him.
  - (ix) The broker tends to specialize in a particular commodity e.g. brokers at the Stock Exchange.
6. **Jobbers** – Agents who buys from the principal and sell on his own name and behalf. He has possession of the goods. He usually buys at one price and sells at a higher price in order to make profit for himself. This profit if called the jobber's turns e.g. jobbers dealing in shares at the Stock Exchange.
7. **Factors - (Mercantile Agent)** sell goods on behalf of his principal on commission basis. He has possession of the goods. He can sell and also issue receipts in his own name. He can fix and sell at prices he thinks best for the principal and may also give credit to a reasonable extent in his name. A factor can insure the goods in his possession because he has insurable interest (i.e. he will suffer financial loss if the goods are damaged or destroyed). Factors can pledge the goods i.e. they can give guarantee on the goods. They can also sue on the contract made by them and they have a lien (a legal claim on their principal's goods for any outstanding claims). Factors receive commission called **factorage** for their services.

### EVALUATION

Compare the features and functions of the following types of agent bringing out their

differences and similarities (a) Factors (b) Brokers (c) Del credere agents (d) Jobber

7. **Auctioneers** – An agent licensed to sell goods on auction to members of the public according to laid down instructions at public places. The auctioneer advertises and sells the goods based on two clauses which are:
- Without Reserve** - Where he sells the goods to the highest bidder during the auction irrespective of what the cost price is.
  - Subject to Reserve** – The auctioneer cannot sell below the cost price or reserve price of the commodity no matter what the highest bid may be

### FEATURES OF AN AUCTIONEER

- A licensed agent
  - Sells goods on auctions to members of the public places.
  - He advertises the goods
  - He is a commission agent
  - He may not be in possession of the goods
  - The auctioneer can act for the seller as well as the buyer
  - He has implied authority to sell without a reserve price.
8. **Forwarding and Clearing Agent:** This is an agent who specializes in the delivery and receipt of goods at the docks or airports on behalf of the principal. His duties arise mainly because of the technical and complicated procedure involved in clearing goods at the seaports and airports. As a specialist on the job he completes all the formalities and customs procedures in clearing the goods at the port. He takes possession of the goods and arrange for their delivery to the location specified by the principal. He is very prominent in international trade.
9. **Del credere Agent** – This is a commission agent who sell goods on behalf of his principal. He takes possession of the goods and sells in his own name. He accepts the responsibility for the collection of proceeds of sales made by him on credit. He guarantees full payment for any sales made and is therefore liable to pay his principal for the goods he sold if the buyer defaults in payment i.e. he bears any bad debt that may arise. As a result of his bearing this risk, he receives an additional commission known as **del credere commission**.
10. **Manufacturer Representation:** This is an agent that represents a local or foreign manufacturer in the distribution and sale of its products in a particular area or country. This agent serves as an appendage of the manufacturer in the area he is residing.

### EVALUATION

- State five features of a factor (or mercantile Agent)
- Distinguish between a general agent and a universal agent.

### GENERAL EVALUATION QUESTIONS

- Give five reasons why small scale retail businesses may fail
- List five instances where a manufacturer may decide to sell his goods directly to the consumer
- State eight features of hawking
- Explain five reasons why tariffs are imposed on imports
- Explain five features of itinerant trading

### READING ASSIGNMENT

- Essential Commerce for SSS by O. Alonge page 273 – 279
- Comprehensive Commerce for SSS by J. U. Anyaele page 474 – 481

**WEEKEND ASSIGNMENT**

1. In the law of contract, the term “consensus adidem” refers to (a) Executory contract (b) Executed contract (c) Meeting of minds (d) Voidable contract
2. A contract in which all parties to the contract have carried out their obligation is said to be terminated by (a) breach of contract (b) Frustration (c) Performance (d) Voluntary agreement
3. Nana Johnson the son of Mr. Ekindayo Johnson, found it expedient to act on behalf of the father though he had not received any prior authority” The above statement describes an agency created by (a) Necessity (b) Implication (c) Ratification (d) Estoppel
4. An agent held responsible for non-payment of goods bought by the customer he introduced to his principal is called \_\_\_\_\_ agent (a) General (b) Sales (c) Del credere (d) Auctioneer
5. The rules and regulations guiding the conduct of business transactions are known as \_\_\_\_\_ law (a) Civil (b) Commercial (c) Contract (d) Common

**THEORY**

1. Who is an agent?
2. State four features of a factor or mercantile agent.

**WEEK SEVEN****TOPIC: SALE OF GOOD ACT / HIRE PURCHASE ACT****CONTENT**

- Sale of goods – application, definition and relevant Act
- Conditions constituting acceptance under the contract of sale of goods
- Duties and rights of parties to the contract
- Hire purchase Act 1975 – application and provisions

**NOTES****SALE OF GOODS**

A contract of sale of goods is a contract whereby the seller transfer the property in goods to the buyer for a money consideration called the price.

The parties to this contract are known as the seller (vendor or transferor) and the buyer (vendee or transferee). The seller must be either the owner of the goods or his duly authorized agent.

The relevant law is the Sale of Goods Act 1893. This law does not cover the buying and selling of immovable or real property like land and houses. The Sale of Goods Act deals with only the rules and regulation which governs the buying and selling of personal movable property like motor vehicle, future, machinery, food, clothing and other similar commodities.

**PROVISION OF THE SALE OF GOODS ACT (1893)**

1. A seller has the legal rights to offer goods for sale
2. The sample goods offered to the customer must have the same quality with the actual goods the seller display for sale
3. If the seller sells by description, the description must correspond with the description of the actual goods displayed for sale
4. The goods must be suitable for the purpose they are meant to serve
5. The goods offered for sale must be free from any claim in favour of any third parties (i.e. equities).



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6. A buyer must examine carefully the goods he is to buy and make sure of the quality before buying and failure to do so; he bears the consequences of any default. This is the principle of “CAVAET EMPTOR” or “let the buyer beware”

### **CONDITIONS THAT CONTITUES ACCEPTANCE IN THE CONTRACT OF SALE OF GOODS**

In a contract of Sale of Goods, the buyer is deemed to have accepted goods (i.e.) taken over their ownership under the following circumstances

- (a) If he informs the seller that he has accepted them
- (b) If, after receiving the goods he does any act in relation to the goods which can only be done by the owner e.g. reselling the goods.
- (c) If he retains the good beyond a reasonable period without informing the seller that he rejected them.

### **EVALUATION QUESTIONS**

- 1 State three provisions of the Sales of Goods Act 1893
- 2 State three conditions that constitute acceptance in a contract of Sale of Goods

### **DUTIES AND RIGHTS OF PARTIES OF THE CONTRACT**

- A. Sellers owe the duty, subject to the express terms of the contract to:
  - i Deliver the goods and at the right time
  - ii Ensure that the goods supplied are of the right quantity and quality
  - iii Pass good title to the buyer
- B. Buyers too owe the duty, subject to the express terms of the contract
  - i. To accept and pay for the goods
  - ii. To observed all stipulations as to time

### **HIRE PURCHASE ACT 1975**

This Act spells out the rights and duties of the hire purchaser (buyer) and the hire vendor (seller) and also protects the buyer from cheating and exploitation.

### **PROVISION OF THE HIRE PURCHASE ACT (1975)**

- i. In hire purchase transactions the cash sale price must be shown along with hire purchase price to enable the buyer know the difference.
- ii. If the buyer defaults after paying 1/3 of the hire purchase price the seller cannot repossess the article except through court order
- iii. The buyer has the right to stop paying the installments and return the article if he has paid ½ of the hire purchase price.
- iv. Where the buyer is compelled or made to sign the Hire Purchase agreement at his home, he has the right to cancel it within three days of the contract.

### **EVALUATION QUESTIONS**

1. State two duties of buyers in a sale of goods.
2. State two provision of the Hire Purchase Act (1975)
3. State six differences between Hire Purchase and Deferred Payment

### **GENERAL EVALUATION QUESTIONS**

1. Explain five factors affecting the choice of transportation of frozen products
2. State five disadvantages of air transport
3. State seven features of a public corporation
4. List and explain six new trends in retailing
5. State five features of a mail order business

**READING ASSIGNMENT**

Essential Commerce for SS by A. O. Longe Page 288 – 290

**WEEKEND ASSIGNMENT**

1. A contract of sale where ownership passes to the buyer on the payment of the first installment is known as (a) hire purchase (b) lease (c) cash on delivery (d) credit sale
2. Which of the following goods is not covered by the Sale of Goods Act (a) generator (b) sugar (c) land (d) motor vehicle
3. A contract for the sale of goods involves the (a) exchange of goods (b) producer, the seller and the buyer of goods (c) offering of goods to customers (d) transfer of title to goods for money.
4. An agreement to sell is distinguishable from a sale because in the former, the transfer of goods is (a) not anticipated (b) not discussed (c) deferred (d) immediate
5. Adigun displays goods of different makes on shelves in his supermarket. This is an example of (a) invitation to treat (b) offer to sell (c) offer to purchase (d) invitation to sell

**THEORY**

1. State two provisions of the sale of Goods Act 1893
2. State four features of Hire Purchase

**WEEK EIGHT****TOPIC:**

- (1) **EMPLOYER / EMPLOYEE RELATIONSHIP**
- (2) **GOVERNMENT REGULATION OF BUSINESS**

**CONTENT**

- Duties of the Employer
- Duties of the Employee
- Right of the Employer and the Employee
- Reasons for Government regulation of business
- Methods of Government Regulation of business

**DUTIES OF THE EMPLOYER**

1. To pay wages – i.e. enumeration
2. To provide work which the employee will handle
3. To give holidays to the employee
4. Duty to take reasonable care for his employee's safety
5. Indemnity – The employee must reimburse the employee for any expense / loss incurred on behalf of the employee.
6. Duty to provide the employee with necessary tools to work with
7. Duty to accept responsibility for any personal injuries sustained by the employee in the course of performing his duties

**DUTIES OF THE EMPLOYEE**

1. Duty of care and diligence: Duty to act reasonably or to perform his duties in a reasonable manner
2. Personal service
3. Obedience
4. Secrecy – duty not to divulge the employer's confidential information to third parties
5. Good faith – The employee must not allow his interest to conflict with his duties
6. Duty not to make secret profit

**RIGHTS OF EMPLOYER AND EMPLOYEE**

- a. The rights of the employer are synonymous with the duties of the employee
- b. The rights of the employee are synonymous with the duties of the employer  
In addition to the above, the employer has the following right
- c. Right to enjoy the benefits of inventions or patents of the employee provided such invention were made in the course of the employee working for the employer.

**EVALUATION**

1. State four duties of the employer as regards his relationship with the employee.
2. Mention three rights of the employer

**GOVERNMENT REGULATION OF BUSINESS**

This refers to the various ways by which government controls the activities of business organization to ensure social and economic order in the society.

**REASONS FOR GOVERNMENT REGULATION OF BUSINESS**

1. To raise money through taxes e.g. V.A.T. Education tax etc
2. To protect consumers against exploitation by producers and middle-men eg by ensuring quality products or by ensuring regular supply of essential goods and services.
3. To ensure uniformity in commercial practices.
4. To protect employers and employees and ensure industrial peace
5. To ensure conformity to international law and protocols e.g. IATA guidelines in the aviation sector.
6. To facilitate even development of all parts of the country or to promote some critical sectors of the economy.
7. To promote general improvement of the economy.

**METHODS OF GOVERNMENT REGULATION OF BUSINESS**

The various ways by which government regulates business include:

1. **Registration of business:** Government register business organization in order to have accurate and up to date statistics on the number and types of business organization operating in the country for example, Limited Liability Companies are registered by the Corporate Affairs Commission.
2. **Patents (Patent Rights):** This is the right or privilege granted by law to an inventor of machine or processes of production to enable him enjoy the benefits of his effort for a given period of time. Subsequent to this given time, other person may now copy or imitate the invention or process.
3. **Trade Marks:** This is an identification, distinctive symbol design or special marks used in distinguishing products made by a particular company or business organization. The trade mark is registered by the owner and confers on him the exclusive rights to use such identification on his product. The essence (importance) of trade marks becomes obvious when products are to be advertised or promoted e.g. Coca-cola continuous Ribbon; Mercedes Benz Star etc.
4. **Copy rights:** This is the sole right accruing or granted to the owner or producer of literary, artistic, dramatic or musical works to reproduce his works and enjoy the financial benefits thereof for a specific period of time. Another person cannot reproduce such work without a written permission from the copy right owner. The copy right usually subsist for some definite periods (50 years for musical copy right) after which it expires.
5. **Approval of Business Location:** Government is sometime involved in giving approval for the location of business enterprises. An example of this is the directive of

Name \_\_\_\_\_

Date \_\_\_\_\_

- CBN to bank to open their branches in rural areas.
6. Through the activities of government agencies established to monitor and enforce quality, prices standard or law e.g. SON, NAFDAC, FEPA, KAI etc.
  7. **Regulations over ownership of Business:** Ownership of business can also be regulated through some policies like indigenization, commercialization and privatization.
  8. Statutory Obligation like payment of Corporation Tax, publication of accounts etc.

### **EVALUATION**

1. Explain four ways by which government regulates business.
2. State four reasons why government regulates business activities in Nigeria.

### **GENERAL EVALUATION QUESTIONS**

- 1 Give five reasons why manufacturers pre – package their products
- 2 State any four disadvantages of pre- packaging
- 3 State six distinguishing features of a mail order business
- 4 Give four advantages of mail order business
- 5 State six contents of a bill of lading

### **READING ASSIGNMENT**

Comprehensive commerce for SSS by J. U. Anyaole page 470 – 471

### **WEEKEND ASSIGNMENT**

1. The agency in Nigeria which ensures that products conform to government quality specification is the (a) MAN (b) FBPA (c) SON (d) NLC
2. An aspect of the law which allows an exclusive right for a limited number of years is (a) patent (b) Trade mark (c) Ratification (d) Proxy
3. Which of the following has powers to order withdrawal of a particular food item from circulation (a) SON (b) NAFDAC (c) Ministry of Agriculture (d) Ministry of Health
4. The right of ownership with respect to goods or property is (a) Certificate of occupancy (b) Title (c) Right of occupancy (d) proxy
5. An author's exclusive right his published and unpublished work is known as (a) Patent right (b) Author's right (c) Copy right (d) Constitutional right.

### **THEORY**

1. State three reasons why the government regulates the activities of business enterprises in your country.
2. State three ways by which government regulate business activities.

### **WEEK NINE**

#### **TOPIC: INTRODUCTION TO DATA PROCESSING**

#### **CONTENT**

- Definition of terms
- Stages of Data Processing
- Methods of Data Processing
- The Electronic Computer

Data Processing is the process of producing meaningful information from raw data. It describes the series of actions taken to produce useful information by collecting all items of data together and performing operations on them. The aim of data processing is to convert raw data into information.

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**Data:** Data represent the raw unprocessed input element introduced into a system from which useful information is extracted. Data is used to describe the facts and figure obtained which have not been grouped, related or evaluated in any way.

**Information:** Information consist of data which have been recorded organized classified and processed into useful and meaningful form. It is the output element of a data processing system.

### **QUALITIES OF A GOOD INFORMATION**

- (i) Accuracy
- (ii) Timeliness
- (iii)Completeness
- (iv)Relevance
- (v) Up to date
- (vi)Cost effectiveness

### **DATA PROCESSING STAGES**

- (i) Origination
- (ii) Preparation/Sorting
- (iii)Input
- (iv)Processing
- (v) Output
- (vi)Storage
- (vii) Distribution

### **METHODS OR TECHNIQUE OF DATA PROCESSING**

- (a) Manual Data Processing
- (b) Mechanical Data Processing
- (c) Electronic Data Processing

### **EVALUATION**

1. Differentiate between data and information.
2. List five qualities of a good information.

### **THE ELECTRONIC COMPUTER**

Characteristics of a Computer

- i. Speed – high speed of operation
- ii. Storage – Large storage volume
- iii. Versatility – Can be used to perform wide range of tasks
- iv. Diligence – It can perform similar operations at the same speed and accuracy at all times.
- v. Automatic – Tasks are performed automatically based on the programme (instructions) given to the computer.

### **ELEMENTS OR COMPONENTS OF A COMPUTER**

1. **INPUT DEVICES** – i. e. the unit through which data are fed into the computer e.g. keyboards, terminals, optical mark readers optical character readers, magnetic ink character readers.
2. **CENTRAL PROCESSING UNIT** – This is the part of the computer that carry out the computations and calculations. It is made up of
  - (a) The control unit
  - (b) The Arithmetic and Logic Unit

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Date \_\_\_\_\_

- (c) The Internal Memory or Storage
3. **OUTPUT DEVICES** – These are used to transmit processed data to the users e.g printer, visual display units, plotters.
  4. **STORAGE DEVICES** – These are external storage devices used to hold information that would be required by the users of the computer e.g. diskettes, magnetic tapes, punched cards etc.

### **APPLICATION OF COMPUTERS IN COMMERCE**

Computers are used in finance and commerce for such applications as;

1. E-Commerce
2. E-Banking e.g Online banking
3. E-Business
4. E-Payment
5. E-Government

### **EVALUATION**

1. What is a Computer?
2. List and explain three methods of data processing

### **GENERAL EVALUATION QUESTIONS**

- 1 Explain five circumstances when an insured may not be indemnified
- 2 Explain the following terms (a) insurable risks (b) non insurable risks
- 3 Give five main differences between a retail co-operative society and a public limited company
- 4 Explain five functions of the Central Bank of Nigeria
- 5 Explain five reasons why many small businesses turn into private limited companies

### **READING ASSIGNMENT**

Simplified and Amplified Commerce page 487-501

### **WEEKEND ASSIGNMENT**

1. The fourth stage of the accounting information system is \_\_\_\_\_  
(a) recording (b) interpreting (c) summarizing (d) classifying
2. In the permanent storage device, DASD means \_\_\_\_\_  
Direct Access Systems Device (b) Direct Access Storage Device (c)  
Data Access System Device (d) Data Access Storage Device
3. The input output and central processing units are the basic components of a computers  
\_\_\_\_\_  
(a) memory (b) software (c) printer (d) skill
4. The computer that functions by taking discrete numbers and performing mathematical calculation is called \_\_\_\_\_  
(a) mainframe (b) digital (c) hybrid analogue
5. Which part of the computer system does the keyboard device belong to \_\_\_\_\_  
(a) output unit (b) logic unit (c) input unit (d) control unit

### **THEORY**

1. Mention and explain with diagrams, the stages of data processing.
2. State four reasons why some firms still use manual data processing instead of electronic data processing.