FIRST TERM JS2 BUSINESS STUDIES NOTE

Aids to trade: - Definition and explanation of aids to trade, Different aids to trade. Transport: Meaning, importance

TRADE

Trade: Is the buying and selling of goods and services with an exchange for money or credit. There are two types of trade namely; home, domestic or internal trade and foreign, external or international trade.

Home trade takes place within the country e.g. trade between Kano and Lagos. It is of two types wholesale and retail trade. Foreign trade takes place across national boundaries e.g. trade between Nigeria, Ghana, and Japan etc.

Foreign trade is divided into three groups namely; imports, exports and entrepot. Imports are things we buy from other countries e.g. electronics etc. Exports are things we sell to other countries e.g. crude oil etc. Entrepot is buying goods from another country into one’s country and re-exporting the goods to another country.

Every country which imports goods from another country must pay for them. Similarly, it receives payments for its export. The relationship between what a country receives for its export and what it pays for its import is called the ''balance of trade''.

When what is received from export is greater than what is paid for import, a country is said to have a balance of trade surplus, but when payment for import exceeds what a country receives from export, there is a balance of trade deficit.

IMPORTANCE OF TRADE

1. It helps the producer to sell his/her goods to the consumer.
2. Individuals in the society buy what they need from the market through trade.
3. It brings the buyer and the seller together.
4. It gives values to national currency. That is currency may become useless if buyers do not have a way of exchanging their money for the goods they need.
5. It helps to improve the living standard of people.

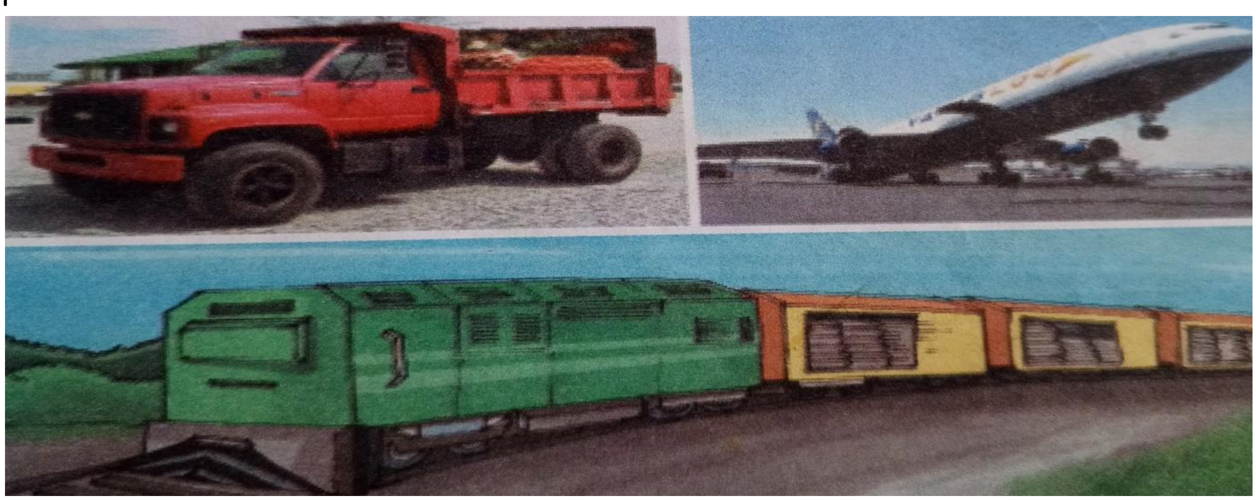
DIFFERENT AIDS TO TRADE

Aids to trade are those services that facilitate or make trade easy. It is also known as ancillaries' services to trade. The various aids to trade are as follows:-

1. **BANKING**: It aids trade by providing capital inform of loan or overdraft for businessmen. It accepts deposit and also helps businessmen to withdraw their money. They can also transfer their money from one place to another.

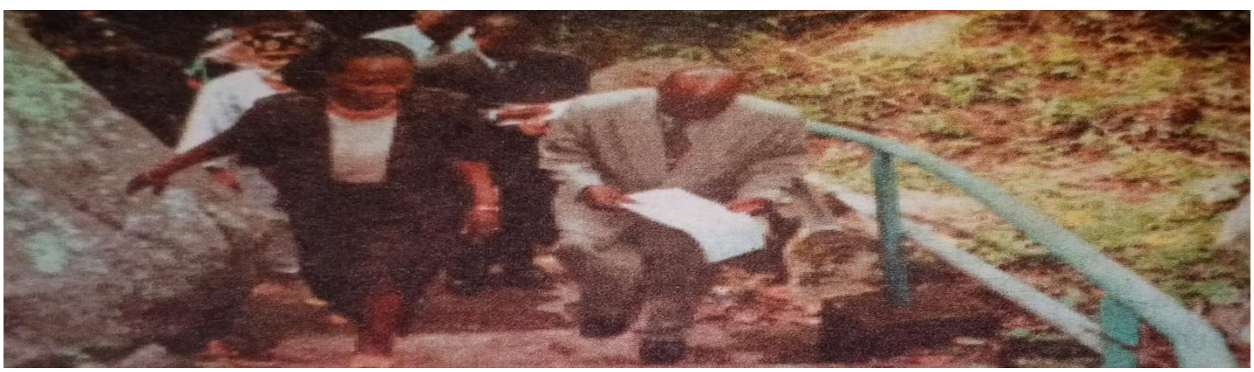
2. **ADVERTISING**: It aids trade by creating awareness or made goods and services known to the general public, thereby creating demand for goods and services.

3. **INSURANCE**: It aids trade by minimizing losses of a businessman that insures his business against any unforeseen events of damage or loss.
4. **COMMUNICATION**: It aids trade by helping businessmen to transfer information of goods and services from one place to another, thereby linking the buyer and the seller together.
5. **TRANSPORT**: It aids trade by moving people, goods and services from one place to another.



6. **WAREHOUSING**: It aids trade by keeping goods of a businessman until it is needed. It also reduces artificial scarcity of goods and stabilizes the prices of the goods. Warehousing is where goods are kept until needed.

7. **TOURISM**: Is the act of leaving ones place of residence to another place or country for recreation, leave or vacation.



8. **E-COMMERCE**: This is buying and selling of goods and services through the internet or online shopping.

<u>ADVANTAGES OF E-COMMERCE</u>

1. Long queues are reduced at the bank.
2. It allows withdrawal of money from any branch of the bank.
3. It reduces accounting error.
4. It makes communication between businesses easier and faster.

5. Customers can deal with business without leaving their location or office.

TRANSPORT

This is the movement of people, goods and services from one place to another. It helps in the movement of raw materials and finished products from production point to the place of consumption.

IMPORTANCE

1. It encourages international trade.
2. It prevents wastage of perishable goods.
3. It provides employment opportunity.
4. It widens the market.
5. It facilitates the movement of goods and services from one place to another.
6. It improves the standard of living.
7. It influences the location of industries with good transport network.

MEANS OF TRANSPORT

Air transportation: - Is the movement of goods and passengers through the air by airplanes, helicopters, etc. It is very fast and comfortable but very expensive.

Rail transportation: - This is the movement of goods, services and passengers from one place to another by train, which moves on a special route called iron track known as railway lines.

Road transportation: - It is the movement of goods and passengers on the road by motor vehicles e.g. buses, trailers, cars, etc. but the road must be constructed.

Water transportation: - It is the movement of passengers and goods from one place to another through rivers, seas/oceans by ships, canoes, ferries, etc. It also facilitates international trade.

Pipeline transportation: - This is the system of transporting gases and liquid products from one place to another through the use of pipelines laid or constructed underground.

Assignment

1. What is trade? Define aids to trade.
2. Explain five aids to trade.
3. State five importance of transportation and two importance of trade.

WEEK 2: Aids to trade: - Advertisement- types, means. Communication: meaning, importance, communication firms.

ADVERTISEMENT

Advertisement is the promotional material created to advertise a product, service or idea. E. g. oral/written words, illustrations and pictures that convey the message of advertising, while **advertising** is creating awareness of the goods & services through various media channels to the members of the public.

Types of Advertising

1. Informative advertising: This is used to make the members of the public to be aware of the products and services.
2. Competitive advertising: It is used to persuade the public to use a particular product in preference to another product**, especially close substitute products**, e. g. sunlight and mama gold, peak milk and cowbell milk.
3. Persuasive advertising: It is used to convince the public to buy or patronize a product/service, no matter their attitude towards such a product/services.
4. Mass advertising: It is used by producers or distributors **of a particular line of goods** that decides **to come together** and **advertise their product jointly to save cost** without mentioning a particular brand, e.g. Pomade, lotion etc.
5. Specific advertising: It is used to advertise a particular product or service to specific group of people, such as those with a particular interest. E. g. pampers etc.

Means of Advertisement

1. Newspaper: They are used to advertise goods and services which are in general use. It has national and local coverage and can be bought at a cheaper price e.g. Daily Times, Leadership, Vanguard, etc.
2. Magazine/Journals: It appeals to the general audience as well as special groups. These are on weekly, monthly, or quarterly basis. One good advantage is that it provides fine color reproductions e.g. ovation magazine, Christian women mirror, news-watch, etc. It is a form of direct advertising because it is meant for selected audience.
3. Radio: It is a medium of advertising which is oral or verbal, broadcasting is done both in local languages and English. It has the widest reach of all the media in Nigeria and uses catchy phrases and slogans. It is very cheap means of advertising.
4. Television: Television is a medium of advertising, which is audio-visual (oral & visual) attracting the largest audience. It provides certain features like sound, color and movement. It is good advertising because products where action is involved or demonstration is required is carried out and seen by an audience. It has large audience reach.
5. Window display advertising: It is a form of advertising where goods are carefully arranged and displayed on window shelves in a shop. The goods are displayed behind transparent glasses which attract customers.
6. Handbill/flyer: They are printed leaflets containing information about a product which are distributed to different people at different locations like market place, church, on the road, etc. in order to draw their attention to the product or services; it is good for introducing new products.
7. Catalogue advertisement: It is in form of a booklet which contains colored photographs, features, descriptions and prices of goods produced by a particular company, which can be sent on request to buyers to choose from different goods presented. The catalogue can be posted or delivered by hand to individual customers.

COMMUNICATION:

This is the process of exchange or transmission of meaningful information, feelings, opinions and ideas from one person to another or from one place to another. There are 2 means of communication: traditional & modern.

Traditional means:

1. Metal gong
2. Town criers
3. Bell
4. Smoke signal or fire
5. Wooden or talking drum
6. Palm fronds
7. Whistle
8. Trumpet
9. Flute
10. Gun blast etc.

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Modern means:

1. Mails
2. Internet services
3. Satellite
4. Telegram services
5. Telephone
6. Telex services
7. Fax services.
8. Television
9. Radio etc.

Importance of communication

1. It enhances international trade.
2. It creates awareness of goods and services.
3. It reduces the cost and risk of travelling.
4. It facilitates the contract between business men.
5. It provides good and fast means of transferring information.
6. It enhances settlement in international trade.
7. It helps to provide information on government policies.

Examples of communication firms are:-

1. The Nigerian postal services (NIPOST).
2. Computer services e.g. internet services, e-mail services etc.
3. Satellite services.
4. Courier services e.g. DHL, UPS, etc.
5. Telecommunications e.g. GLO, MTN, 9MOBILE (ETISALAT), AIRTEL etc.

Assignment

1. What is advertisement? Explain three types of advertisement.
2. State three importance of communication.
3. List five means of advertising and five means of modern communication.

WEEK 3: Aids to trade: Banking- Definition, examples, types of bank, banking as an aid to trade. Insurance: Definition, types of insurance policies, importance of insurance to trade.

BANKING

A bank is a place where money and other valuables like will, jewelry, etc. are kept for safety.

Types of bank

1. Commercial bank.
2. Central bank.
3. Merchant bank.
4. Savings bank.
5. Development bank.
6. Microfinance bank.
7. Mortgage bank.

Commercial bank: - Are financial institutions which accept deposit and other valuables from the public for safe keeping with the sole aim of making profit. They are owned by different institutions or government. They are Limited Liability Company.

Examples of commercial banks in Nigeria are:-

1. United bank for Africa (UBA) Plc.
2. Union bank of Nigeria (UBN) Plc.
3. Guarantee trust bank Plc.
4. Access bank of Nigeria Plc.
5. Zenith bank Plc. Etc.

Characteristics of commercial banks

1. The motive for its establishment is profit making.
2. Commercial bank is a limited liability company.
3. They are members of the money market.
4. Commercial banks are incorporated.
5. They accept deposits and other valuables.

Functions of commercial banks

1. Accepting deposits from public for safe keeping.
2. Lending money to customers in form of overdraft and loan.
3. Safe keeping of customers valuables such as jewelries, certificates, wills, etc.
4. They make foreign exchange currencies available to the customers.
5. They issue travelers' cheque to those travelling abroad in other to facilitate commercial transactions.
6. They act as an agent of payment on behalf of their customers.
7. They provide financial advice to business men on the type of product they should invest their money on.
8. They act as agents to their customers in sale of securities such as shares.

Merchant bank

They are institutions which perform specialized functions such as **acceptance of bills of exchange, issuance of loans for foreign trade transactions, issuance of new shares, provide long and medium term loans.**

Savings bank

They are financial institutions set up **to encourage saving habits** among the people and to **help mobilize funds for financing development program of the government.**

Central bank

It is also known as bankers' bank. They implement monetary policy of the government and also the highest financial institution in a country. They act as bankers to the government and commercial banks. They control and regulate the supply of money e.g. central bank of Nigeria (CBN).

Mortgage bank

They are financial institutions **that specialize in granting loan to individuals and corporate bodies for building purposes.** Such loans are repaid by installments and it can be spread over several years. They supervise other mortgage institutions like union homes and savings ltd, stallion homes and savings ltd, etc.

Development bank

They are specialized financial institutions **which provide long term credit or loan to other enterprises for capital projects** in the area of agriculture, commerce and industry e.g. Nigerian industrial development bank. Nigerian bank for commerce and industry, Agricultural and co-operative bank.

INSURANCE

This involves pooling of risk. It is the transfer of risk against the loss of life or property from one person called the insured to another person called the insurer in return for fixed regular advance payments called the premium. It can also be define as the protection of loss of life or property against damage.

The insured is an individual who takes out insurance policy while the insurer is an insurance company that accepts the risk of the insured.

Types of insurance policies

1. Health insurance policy: It covers a group of individuals working in an organization.
2. Annual travel insurance policy: It covers the risk associated with travelling throughout a year.
3. Aviation insurance policy: It covers accidental deaths and serious injuries to the insured.
4. Burglary insurance policy: It covers the owner of premises against protection to the risk of property insured against.

Importance of insurance

1. It facilitates international trade.
2. It reduces the loss of a business man.
3. It serves as collateral security for getting loans from the bank e.g. life assurance policy.
4. It provides a means of saving for the future e.g. endowment policy.
5. It offers investment opportunities by making fund available in the capital market where businessmen can get loan.

DIFFERENCES BETWEEN INSURANCE AND ASSURANCE

Insurance	Assurance
1. The risk insured against may not Happen.	The risk is certain to occur.
2. It hinges on probabilities.	It hinges on possibilities.
3. Examples; fire, marine, fidelity Guarantee insurance etc.	Example life assurance.

Assignment

1. What is a bank? List five types.

2. State five functions of commercial bank.
3. Explain insurance and state three importance of insurance.

WEEK 4: Aids to trade: Warehouse- Definition, types, functions of customs and excise duty, importance of warehouse to trade. Tourism: - Definition, tourism centers in Nigeria, importance of tourism to trade.

WAREHOUSING

A Warehouse is a place where goods are kept until when needed. Warehousing is the process of keeping goods safe till the time it will be needed.

Types of warehouse

1. State warehouse: - This is owned and controlled by the government of a country. It is used to keep smuggled goods seized by the custom authority until is auctioned or sold.
2. Bonded warehouse: - It is used to keep goods that their custom duties are not yet paid until it is settled. The first bonded warehouse was introduced by Wolepole in 1724 for storing of tea.
3. Public warehouse: - It is owned and operated by private individual who rent it out to anybody for safe keeping of goods.
4. Wholesale: - It is owned by wholesalers where they keep all their varieties of goods bought.
5. Manufacturers/producers warehouse: - It is owned by the producers where they keep all their products until it is demanded.

Importance of warehouse

1. It helps to stabilize the prices of goods.
2. It serves as storage facilities for goods for future use.
3. It creates job opportunities for many people.
4. It facilitates repackaging and branding of goods.
5. It helps to avoid scarcity of goods.

Functions of customs and excise duty in international trade

1. They seize contraband goods.
2. They supervise bonded warehouse.
3. They prevent smuggling of goods.
4. They supervise foreign trade to ensure that only licensed goods are imported and exported.
5. They collect taxes in form of imports, exports and excise duties.
6. They regulate imports and exports to ensure that the quality of goods imported and exported are within the stipulated limits on the license issued.

TOURISM

It is the act of travelling or sight-seeing particularly away from one's home. It is a place where people go for holiday, leisure, religious, family purposes or recreation for a limited time. It aid trade by attracting tourist to a trading opportunities to certain products. A tourist is someone who travels for pleasure rather than for business.

Some tourism centers in Nigeria

1. Yankari national park Bauchi state.
2. Obudu cattle ranch in Cross River state.
3. Ogbunike cave in Anambra state.
4. Nok village in Kaduna state.
5. Ikogosi warm springs in Ekiti state.
6. Olumo rock in Ogun state.
7. Igbo ukwu art in Anambra state.
8. Nike art gallery in Lagos state.

Importance of tourism

1. It brings in foreign currency.
2. It is a source of income for many countries.
3. It creates job opportunities.
4. It changes someone's travelling lifestyle.
5. It promotes central place for business.
6. It is for leisure, education, business, culture and fun.
7. It brings about economic development through tourist income.

Assignment

1. Differentiate between a warehouse and warehousing.
2. Explain the following:
   i. Bonded warehouse.
   ii. State warehouse.
   iii. Wholesale warehouse.
3. State three functions of customs and excise duty in international trade.

<u>WEEK 5</u>: Market: Definition, types (commodity, capital, and money market), career opportunities in the stock exchange market, functions of stock exchange operators: e.g. brokers and jobless, buying and selling: - meaning, cash and credit sale, advantages.

<u>MARKET</u>

Market is a place where buyers and sellers come together for the purpose of trade, purchase or sale of goods and services, that involves the transfer of ownership. For a market to exist, there are 3 things involved such as follows:-

1. Goods and services.
2. Buyers and sellers.
3. A medium of exchange (money).

<u>Types of market</u>

1. Commodity market: - This is the market for buying and selling of primary products or raw materials used as either for food or as an input for industrial production. Examples are cocoa, coffee, tea, crude oil, rubber, timber, soya beans, etc.

It is also a market for buying and selling of finished products such as cars, television, doors, windows, etc. Commodity market is divided into several markets such as:

A. **Open-air market**: It is a market found in cities or villages where sellers display their goods in the open air without a roof or sometimes under the tree shade. Yams, vegetables, agricultural equipment, etc. are usually sold. Goods usually pass from producers to consumers and the goods are usually cheap because sellers do not pay for any rent.

Features of open-air market

1. It can take place anywhere people agree to meet for buying and selling.
2. Goods are not expensive because no rent is paid for any shop.
3. Goods can pass directly from producers or sellers to buyers.

B. **<u>Market stalls</u>**: It is a small room with open fronted enclosure where buying and selling takes place every day. It has sections for different types of goods, local government built the stalls and they rent it out to the sellers e.g. Garki modern market, etc.

<u>Features of market stalls</u>

1. It is usually located in large urban centers like Abuja, Onitsha, Lagos etc.
2. Local government built stalls and rent it out.
3. Sellers form union and protect their profit margin.

C. **<u>Shops</u>**: It is establish in non-specified places. It ranges from single room to a building located in urban cities e.g. book shop etc.

2. **<u>Financial market</u>**: These are markets for borrowers of money or lenders of money for the purpose of aiding business. It is made up of the following:-

A. <u>Money market</u>: This is a market for borrowing of money for short term period. People involved for the borrowing are commercial banks, merchant banks, and any other finance houses. Money is anything that is acceptable to the people as a means of exchange for goods and services.

B. Capital market: This is a market for buying and selling of securities such as shares, stocks, bonds, etc.

People invest in a big company by buying shares, stocks or bond either on a short or long term basis to make profit and this makes them shareholders of that company. The profit made is known as dividend. Example of capital market is Nigerian stock exchange market.

C. Foreign exchange market: It is a market where the value of one's currency is negotiated against another e.g. dollars, before exchange can take place. It is only central bank and commercial banks are authorized dealers in this market.

Features of the stock exchange operators

There are two operators in the stock exchange market namely;

Brokers and Jobbers.

Brokers are agent in the stock exchange market that buys and sells securities (shares, bond, stock) on behalf of the client (buyers) and received commission known as brokerages

Functions of brokers:

1. They act as a link between the members of the public in buying and selling of securities.
2. They find prices of securities through the Jobbers.

Jobbers

These are actual dealers in the stock exchange market.

Functions of Jobbers

1. They buy and sell securities on their own for a profit known as Jobbers' turn.
2. They absorb excess supply or demand.

Methods of buying and selling of goods

Buying is the acquisition of goods by paying out some money.

Selling is the transfer of ownership of goods from the sellers to the buyers.

There are different methods of buying and selling such as follows:-

1. Buying by grading/description: - This is buying according to quality or description of the goods. Grades of goods determine the prices and quality.
2. Buying by sample: - It is the method of buying whereby the buyer is allowed to taste or test the goods before payment.

3. Buying by auction: - It is a method of buying whereby the goods are sold to the highest bidder. The person that carries out an auction sale is known as auctioneer.
4. Buying by inspection: - It is buying whereby the buyer has an opportunity to look closely at the goods to check the physical appearance of the goods with other classes of goods before buying.

Career opportunities at the stock exchange market.

Institutions and instruments traded in the market. The following are names of institutions and instruments and goods traded in the market.

Institutions	Instruments traded in the market	Career in the institutions
Banks	Shares, stocks, and bond markets.	Stocks investment officer, brokers, Accounting and marketing officer, personnel manager or human resource

		managers.
Stock exchange market	Shares and stocks	Stock brokers, accounting officers, computer input personnel, analysts programmer, clerical officer etc.
Others	Consumer goods	Accounting officers, stores and market clerks, computer input personnel etc.

Cash and credit sales

Cash sales are immediate payment made by the buyer to the seller on the spot, while; **credit sales** are payment made at a future date depending on the agreement between the buyer and the sellers.

Advantages of cash sales

1. Cash is always available to the seller.
2. Money is not tied down with the buyer.
3. Issue of bad debt will not arise.
4. Circulation of money is stimulated.
5. Buyers will enjoy cash discount of large quantities bought.

Disadvantages of cash sales

1. It reduces sales.
2. There is no question of deferred payment.
3. Buyers can only buy those things they can pay for with cash.
4. Payment is always made on the spot.

Advantages of credit sales

1. It increases sales & profit.

2. Increases standard of living.
3. It encourages bulk purchases by the buyer.
4. It is a means of meeting temporal need for cash.
5. It is enjoyment of goods without payment.
6. It can lead to reduction in problem of stock being tied down.

Disadvantages of credit sales

1. It increases prices of goods.
2. Customers can over buy (impulse buying).
3. It can lead to bad debt.
4. It can tie down the capital of the seller.
5. It can lead to problem of non-payment by the buyer.

Assignment

1. What is a market?
2. Explain commodity market and financial market.
3. State three advantages of cash sales and two disadvantages of credit sales.

WEEK 6: Market contd: - Calculation- cost of sales, mark-up, gross profit/loss, net profit loss.

Trading profit and loss account

This is the account drawn up to show the gross profit and net profit of a business organization. It contains the following:-

1. Opening stock: This is stock of goods at the beginning of the year.
2. Closing stock: This is the stock of goods available at the end of year.
3. Purchases: This is the total value of goods bought for resale by an organization both credit and cash purchases.
4. Sales: This is the total value of goods sold by a business firm, both credit and cash sales.

5. Return inward: These are goods returned by the customers. It must be deducted from the sales for the period.
6. Return outward: These are goods returned to the suppliers. It must be deducted from the purchases for the period.
7. Carriage inward: This is the cost of transporting goods to the firm; it is normally added to the purchases.
8. Carriage outward: This is the cost of transporting goods to the customers. It is called carriage on sales and must be treated as expenses.
9. Expenses: These are the expenditure incurred on the running of a business. It is normally deducted from the gross profit in order to show the net profit.

Cost of sales/cost of goods sold

This is used to determine the cost of goods sold by a business man. It is calculated by;

Opening stock plus purchases (add carriage inwards if any) minus closing stock.

Gross profit: This is the excess of turnover (sales) over the cost of goods sold. It is the difference between the selling price and the cost price of a particular product. It is the total profit made by a businessman before any expenses is deducted. It is calculated thus**: formula: sales- cost of goods sold.**

Net profit: This is excess of gross profit over the expenses. It is arrived at after all the expenses incurred in that business period has been deducted from the gross profit**: formula: gross profit- expenses.**

Turnover

This is the total net sales of a business during a particular period e.g. a year. It is the value of total sales of an organization during an accounting period.

Rate of turnover

This is the number of times the value of average stock of a business is sold during a period. It is used to investigate the market success of the output of a firm. The rate varies from one product to another. Expensive goods have slow turnover rate while, perishable goods have rapid (quick) rate of turnover.

Formula: cost of goods sold divided by Average stock.

Average stock= opening stock + closing stock divided by 2.

Mark-up: This is the difference between the cost of goods and the profit of doing business. That is the relationship that exists between the profit and the cost of goods sold.

Formula= $\frac{\textbf{gross profit}}{\textbf{Cost price}} \times \frac{\textbf{100}}{\textbf{1}}$

Margin: This is the relationship between the profit and selling price, profit expressed as a percentage of selling price.

Formula= $\frac{\textbf{gross profit}}{\textbf{Selling price}} \times \frac{\textbf{100}}{\textbf{1}}$

From the following details calculate (i) gross profit (ii) cost of goods sold.

	(N)
Opening stock	10,000
Closing stock	10,000
Purchases	40,000
Sales	60,000
Carried inward	2,000

Rent	1,000
Water bill	1,000.

(ii**) <u>**Cost of goods sold/cost of sales**</u>**

= **Opening stock + purchases (add carriage inward if any) – closing stock.**

=10,000 + 40,000 + 2,000 – 10,000

=52,000 – 10,000

=N42, 000

(ii)<u>**Gross profit**</u>

= **Sales – cost of goods sold**

=60,000 – 42,000

=N18, 000.

(ii)<u>**Net profit**</u>

=**Gross profit – expenses**

=18,000 - rent + water bill

=18,000 – 2,000

=N16, 000.

(i)<u>**Rate of turnover**</u>

=<u>**cost of goods sold**</u>

Average stock

Average stock=opening stock + closing stock divided by 2

=10,000 + 10,000 / 2

=20,000/2 =N10, 000.

=<u>42,000</u>

10,000

=4.2times.

Assignment

1. Explain the following
   i. Opening stock and closing stock.
   ii. Carriage inwards and carriage outwards.
   iii. Cost of sales and purchases.
   iv. Gross profit and net profit.
   v. Return inwards and return outwards.
2. What is the formula for rate of turnover.
3. What is the formula for cost of sales / cost of goods sold.

<u>WEEK 7:</u> Distribution: - Meaning, channels and functions of distribution, Handling of channels in distribution process, licensed chemical distributors.

Distribution: Is the movement of products over a wide area.

<u>Channels of distribution</u>

1. Producer→agent→wholesaler→retailer→consumer.
2. Producer→agent→consumer.
3. Producer→wholesaler→consumer.
4. Producer→retailer→consumer.
5. Producer→agent→wholesaler→consumer.
6. Producer→agent→retailer→consumer.

<u>Factors to consider before choosing a particular channel of distribution</u>

1. <u>Location of the consumer</u>: Where consumers are few a shorter channel is used but where they are so many, a longer channel is used or if consumers are scattered over a wide area of a big country like Nigeria, the long

channel is used if the type of product sold is for a limited number of customers, the shorter channel would be used.

2. Size of order: If the ultimate consumers buy in large quantity, the producer may by pass most of the middle men and sell directly to the consumers.
3. Nature of the product: If the product is expensive or perishable, shorter channel is used.
4. Financial resources available to the producer: Producers who are financially capable can use their own salesmen or open their own retail outlets thereby using shorter channel, but producers that are not financially strong would use a longer channel.
5. Need to control or maintain retail price: A producer who does not like his product to be sold above a certain retail price would prefer to use a shorter channel of distribution to avoid big margin in price.

Functions of the wholesaler to the manufacturer

1. He buys goods in large quantities from the manufacturer.
2. By buying in large quantities, wholesalers produce a ready market for the producers.
3. He makes it easy for the goods to be transported from manufacturer to distribution centers (Transportation).
4. He provides warehouse for the manufacturer by keeping large stocks of finished goods.
5. He helps manufacturers to advertise their product.
6. He equally finances manufacturers by paying cash for goods bought.

Functions of the wholesaler to the retailer

1. He sells in small quantities to the retailer.
2. He helps the retailer to ensure that right varieties of goods are supplied.
3. He allows credit facilities to the retailer.
4. He helps in transporting goods to the retailer.
5. He makes it possible for retailer to compare the qualities and prices of goods from different manufacturers and choose the one suitable to their needs.

6. At times, he sends his salesmen to assist the retailer in the difficult areas pertaining to the goods bought.

Functions of the retailer to the wholesaler

1. Retailer buys in small quantities from the wholesalers.
2. They help wholesalers in quick movements of goods (Transportation).
3. They create a link between wholesalers and consumers.
4. They normally pay cash to the wholesaler when goods are bought but sometimes credit can also be given.

Function of the retailer to the final consumer

1. They sell in bits, units or smaller quantities to the final consumer.
2. They educate consumers on the usage of the goods.
3. They provide varieties of goods to the consumers.
4. They provide door to door service to the consumer.
5. They sell 24 hours to the consumer and at convenient places.
6. They provide after sales like installations, repairs to the consumer.

Handling of chemicals in distribution process

A licensed chemical vendor is a person or company that has been given **the license to import and sell chemicals**. It is very important to always buy chemicals from this group of people called vendors to ensure that the chemicals bought are genuine and safe.

Basic safety tips on handling of chemicals

1. Never use a chemical that the container is not clearly labeled.
2. Use of symbols will make identification of chemicals have a specific category, which must be stored together, e.g. the symbol or sign of toxics is with skull and cross bones indicate that the chemical is dangerous.
3. Appropriate vehicle should be used for transporting chemical with right packaging materials e.g. drums, bags, etc.

4. The physical condition of the environment where the chemicals are stored must be suitable. The room temperature of the store must be at an appropriate level.
5. Using the product manual that explains important information about the chemical, its properties and handling guidelines. This will greatly prevent mishandling and misuse.
6. Always wear protective lab coat, goggles, and gloves for safety.
7. Do not store chemicals near flames.
8. Do not smoke, drink, or eat while working with chemicals.
9. Always keep the fire extinguisher and first aid kit in case of emergency.

Effects of wrong handling of chemicals

If chemicals are not well handled it will endanger our health and poison our environment which can lead to the following;

1. Risk of adverse health effects.
2. Risk of explosion.
3. Risk of physical injuries or death.
4. Risk of environmental pollution.
5. Destruction of wild life and ecosystem.

Assignment

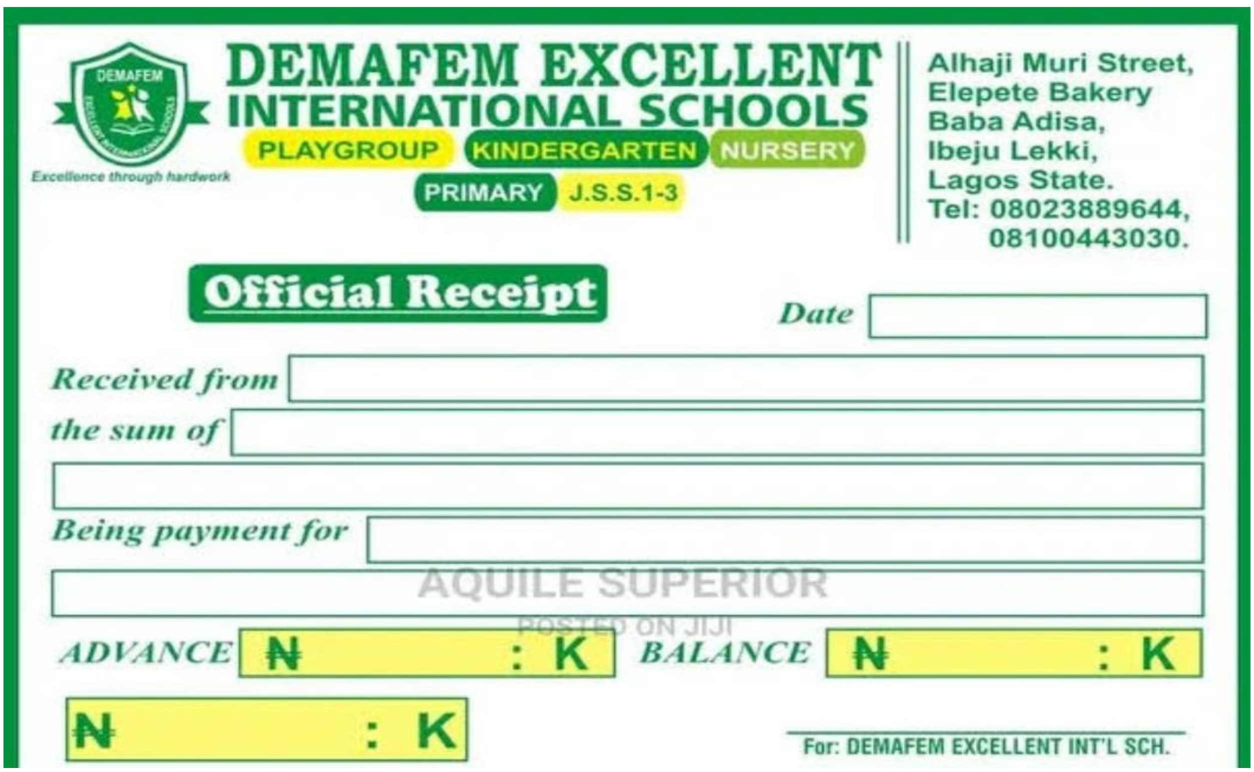
1. Define the term distribution.
2. List five channels of distribution.
3. Who is a licensed chemical vendor?
4. State five basic tips in handlings of chemicals.
5. State three factors to consider in choosing a particular channel of distribution.

WEEK 8: Sales and purchases document: Sales documents: - invoice, profoma invoice, receipt, credit and debit note. Purchases document: letter of inquiry, order. The receptionist: Meaning, qualities, duties, appropriate dress code.

Sales and purchases documents:

Sales Document

1. Receipt: This is issued to the buyer by the seller to show that payment has been made. It contains the following;
   a. Date.
   b. Reason for payment.
   c. Name of the buyer and seller.
   d. Items bought.
   e. Signature of receiver of payment.



2. Invoice: This is issued to the buyer by the seller when transactions are made or goods sold on credit. It contains the following;
   a. Date.
   b. Names and addresses of the buyer and seller.

c. Invoice number.

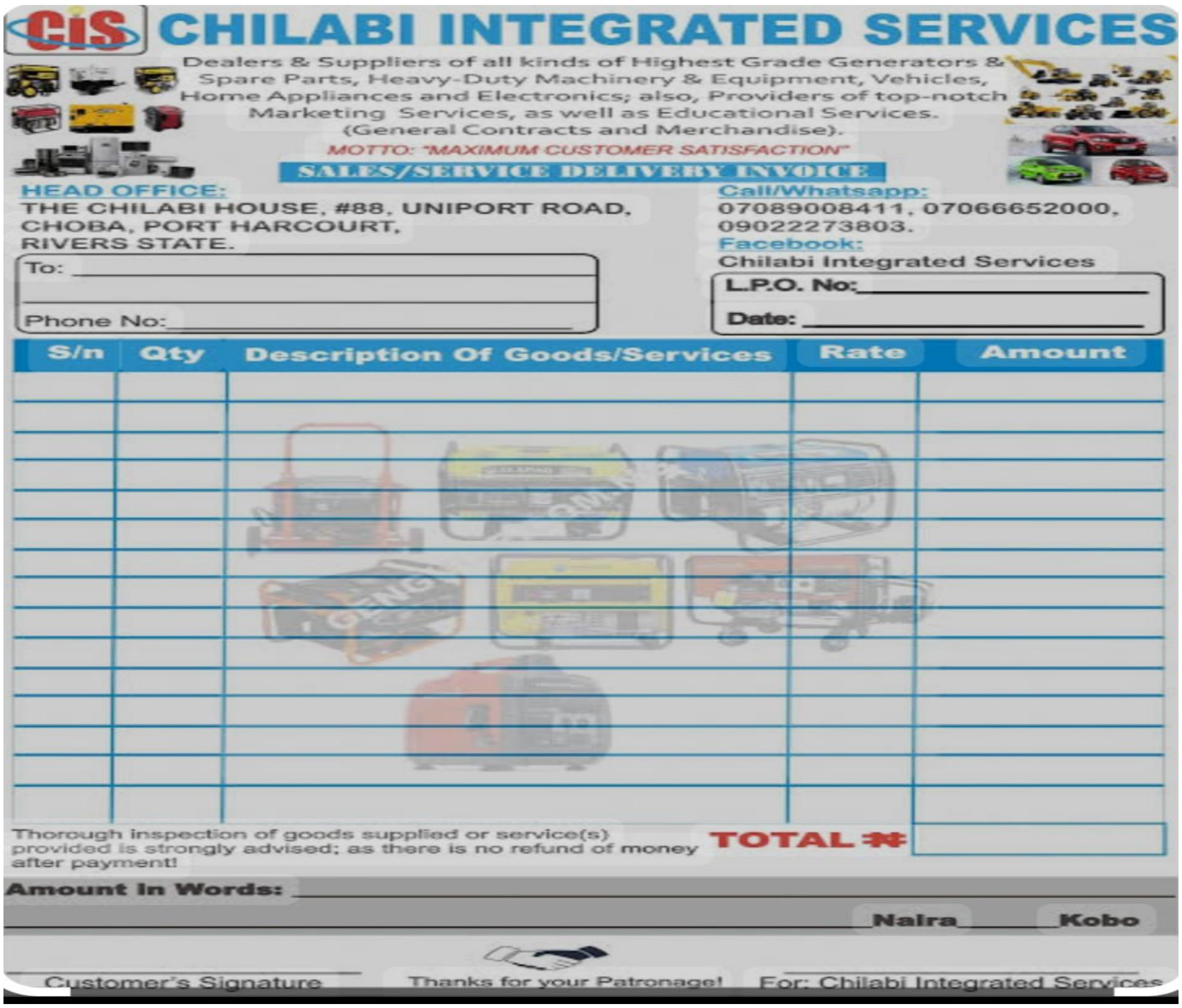
d. Amount to be paid in words and figures.

e. Signature of seller.

f. E&OE (Errors and omission Expected).

g. Description of the goods.

h. Terms of payment.



CIS CHILABI INTEGRATED SERVICES

Dealers & Suppliers of all kinds of Highest Grade Generators & Spare Parts, Heavy-Duty Machinery & Equipment, Vehicles, Home Appliances and Electronics; also, Providers of top-notch Marketing Services, as well as Educational Services. (General Contracts and Merchandise).

MOTTO: "MAXIMUM CUSTOMER SATISFACTION"

SALES/SERVICE DELIVERY INVOICE

HEAD OFFICE:
THE CHILABI HOUSE, #88, UNIPORT ROAD, CHOBA, PORT HARCOURT, RIVERS STATE.

Call/Whatsapp:
07089008411, 07066652000, 09022273803.

Facebook:
Chilabi Integrated Services

To: ____________

Phone No: ____________

L.P.O. No: ____________

Date: ____________

S/n	Qty	Description Of Goods/Services	Rate	Amount

Thorough inspection of goods supplied or service(s) provided is strongly advised; as there is no refund of money after payment!

TOTAL ₦

Amount In Words: ____________ Naira ____ Kobo

Customer's Signature — Thanks for your Patronage! — For: Chilabi Integrated Services

3. Debit note: It issued by the seller to the buyer, when the buyer is under charged. That is when the buyer pays less money of what he is expected to pay.
4. Credit note: It is issued to the buyer from the seller when the buyer is over charged. That is when the buyer pays more money than what he is expected to pay.

5. Delivery note: This note accompanies the goods to be delivered; it is issued to the buyer from the seller through a transporter or common carrier. It contains the following;

a. Date.
b. Description of goods.
c. Name and address of buyers and sellers.
d. Transporter's name.
e. Order number.
f. A place where the buyer will sign as proof of delivery.

Purchases Documents

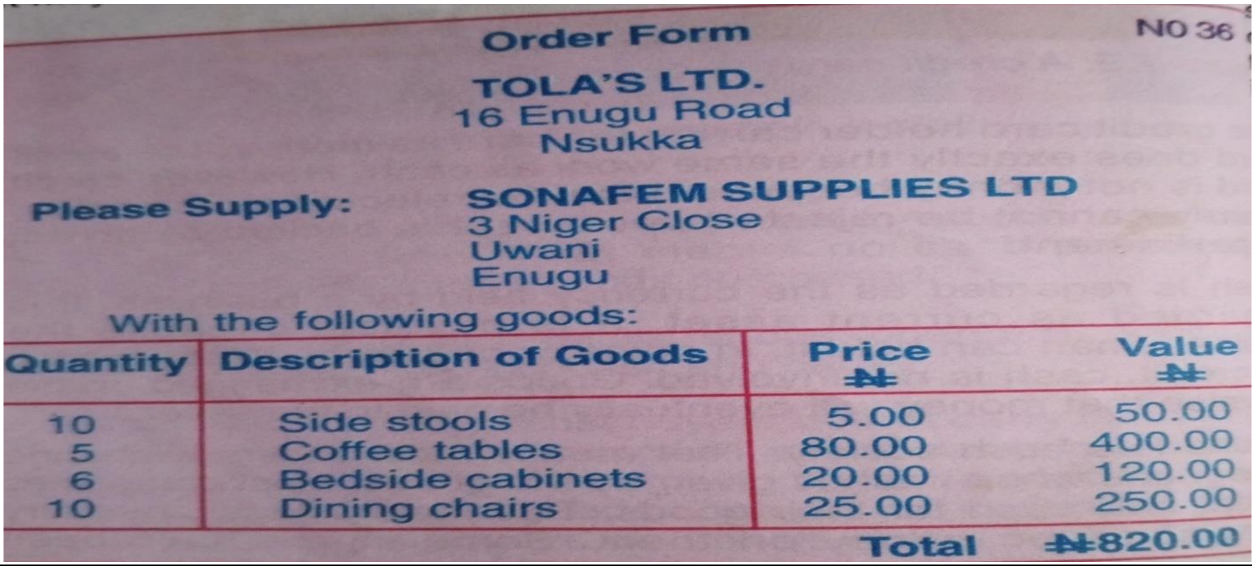
The purchase documents contain the following:-

1. Letter of inquiry: It is a letter written by the buyer to the seller to find out some information about various goods the seller has in his/her warehouse. Such information like the price, brand, quantity etc.

2. Quotation: This is the reply to the letter of inquiry sent to the buyer by the seller. It contains the current prices of goods. The following information are contained in the quotation;

a. Date.
b. Description of goods.
c. Names and addresses of the buyer and seller.
d. Mode of delivery.
e. Quantity and unit price.
f. Terms of trade.

3. Order: It is a statement of acceptance of goods written in the quotation, which the buyer sent to the seller showing that the goods will be supplied to the buyer.



Order Form

NO 36

TOLA'S LTD.
16 Enugu Road
Nsukka

Please Supply: SONAFEM SUPPLIES LTD
3 Niger Close
Uwani
Enugu

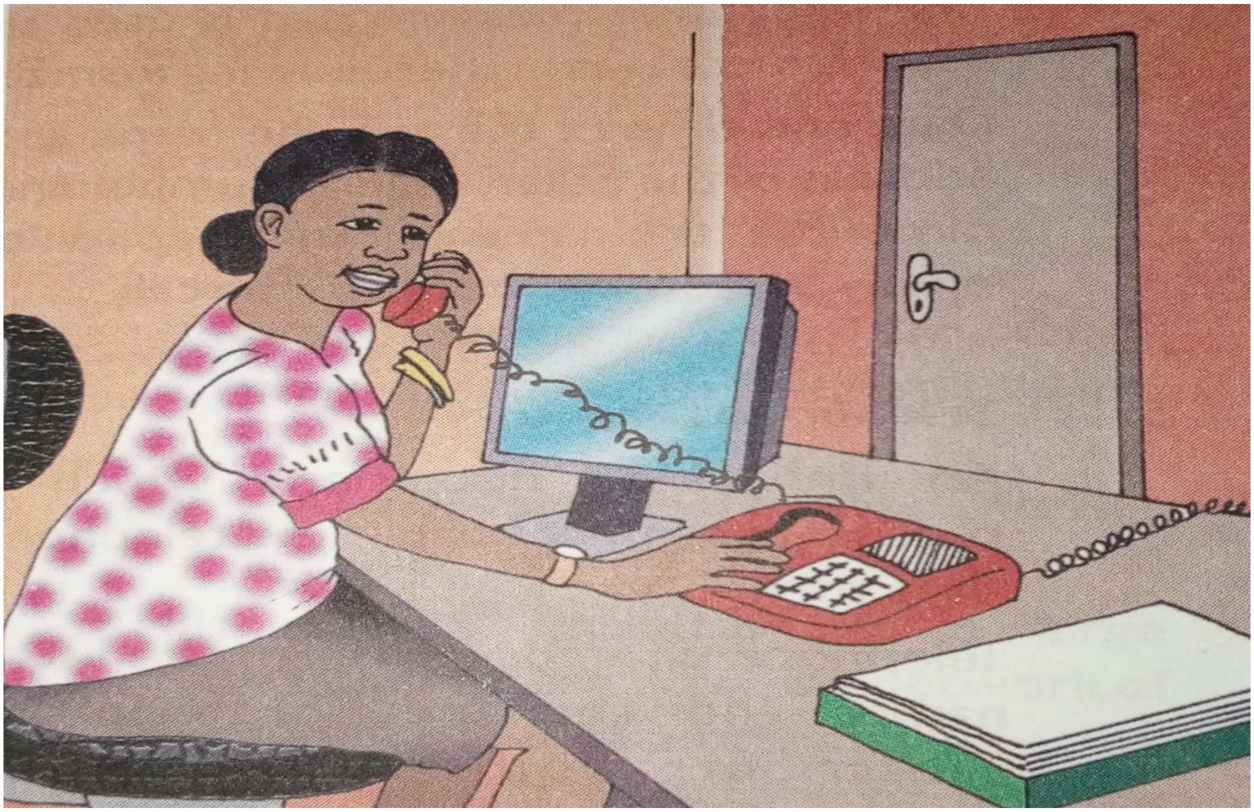
With the following goods:

Quantity	Description of Goods	Price ₦	Value ₦
10	Side stools	5.00	50.00
5	Coffee tables	80.00	400.00
6	Bedside cabinets	20.00	120.00
10	Dining chairs	25.00	250.00
		Total	₦820.00

4. Catalogue: This is a booklet sent to the buyer from the seller containing the benefits and the features of the goods.

The Receptionist

Receptionist is a person employed in an organization to receive or welcome visitors. The receptionist office is found at the entrance of an organization building where all the visitors to an organization are received.



Qualities of a receptionist

1. Dressing: Must be neat and smart in appearance.
2. Punctuality: Must come to work early.
3. Politeness: Must be humble and not rude to visitors.
4. Pleasant: Must have good manners when answering a call.
5. Knowledge of the organization: Must have the knowledge of the organization to answer enquires well from visitors.

Duties of a receptionist

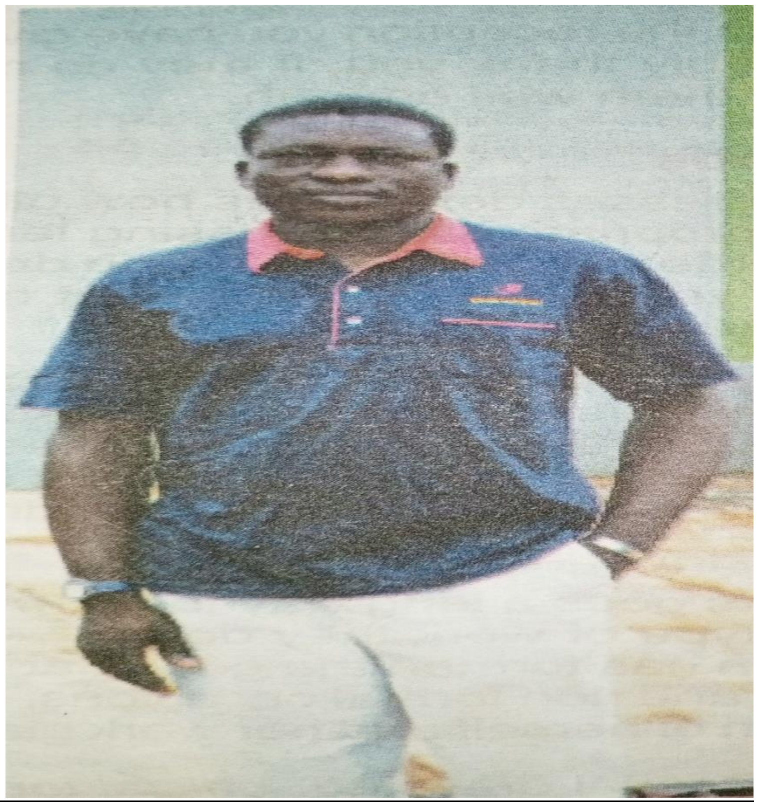
1. Receiving visitors.
2. Directing visitors.
3. Answering telephone calls.
4. In-charge of typing if the secretary is not around

How to treat visitors

Receptionists can make visitors feel welcome depending on his or her behavior. What he/she says or does to the visitors matter a lot because visitors always see the receptionists as the image of the organization or an ambassador of the organization.

The basic styles of dressing

1. Casual dressing: This type of dressing is not meant for official meeting e.g. shorts, polo, jeans, etc.



2. Ceremonial dressing: This is meant for ceremonies like weddings, traditional marriage, e.g. Agbada, buba with head gear, etc.

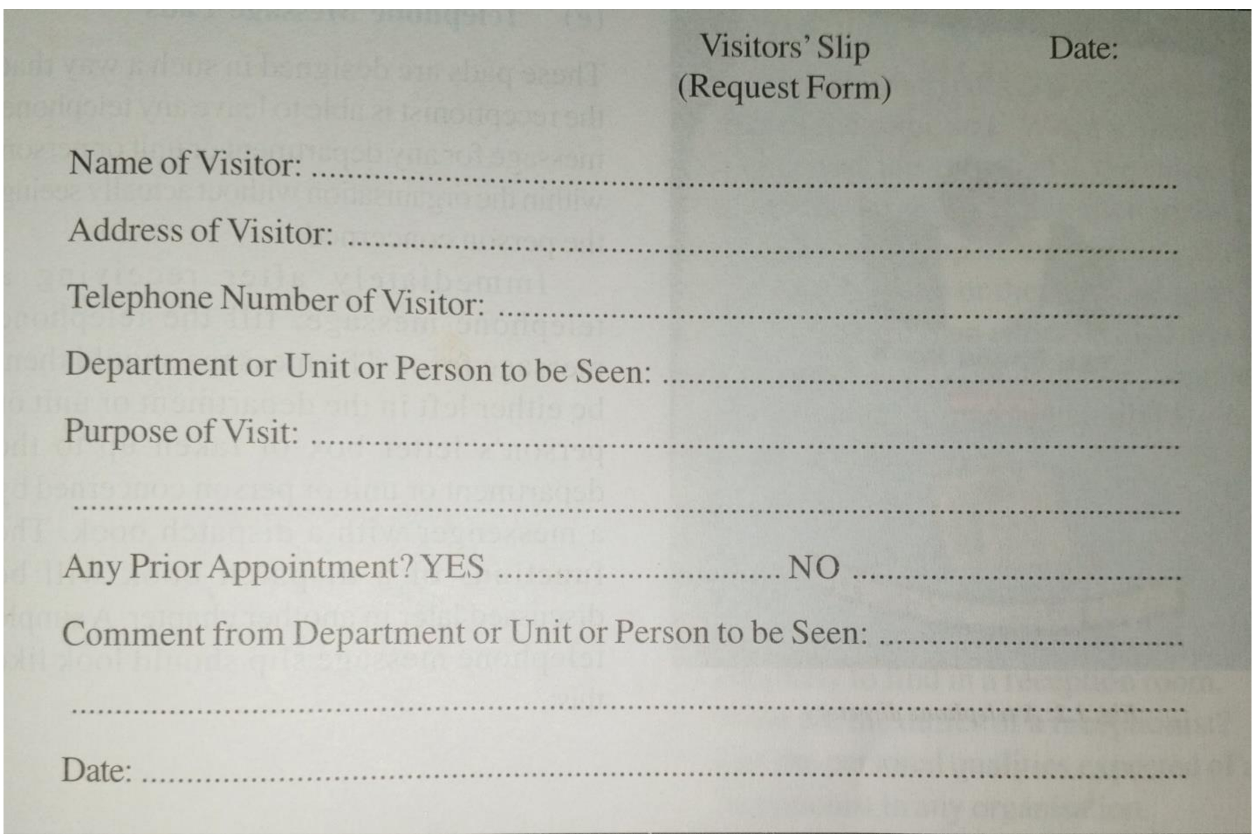
3. Official dressing: This is meant for office or formal engagements. It is not always flashing but comfortable e.g. suits, etc.

Assignment

1. What is sales and purchases documents.
2. List three sales and two purchases document.
3. Who is a receptionist? State three qualities and two duties of a receptionist.

<u>Documents handled by the receptionist</u>

1. Business card.
2. Visitors slip/Request Form.
3. Visitor's book.
4. Telephone message pad.
5. Telephone directory.
6. Diary.



Visitors' Slip (Request Form) Date:

Name of Visitor: ....

Address of Visitor: ....

Telephone Number of Visitor: ....

Department or Unit or Person to be Seen: ....

Purpose of Visit: ....

....

Any Prior Appointment? YES .... NO ....

Comment from Department or Unit or Person to be Seen: ....

....

Date: ....

IMAGE OF A VISITOR'S SLIP.