



REPUBLIC OF KENYA

MINISTRY OF EDUCATION

**SECONDARY BUSINESS STUDIES
TEACHER'S HANDBOOK**

**Kenya Institute of Education
P.O. Box 30231 00100
NAIROBI.**



December 2000



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FOREWORD

This handbook is designed to assist teachers on how to interpret the revised secondary Business Studies curriculum which was revised in 2007.

Published December 2008

The revised syllabus will be implemented from January 2009 in Forms 1 and 2, and will be examined for the first time in 2011. The revision of the Business Studies curriculum was necessitated by the findings of monitoring studies carried out in 2004, 2005 and 2006. The monitoring studies revealed that the syllabus had concepts beyond the level of the learner and integration of the disciplines that make up Business Studies had not been effectively designed.

The handbook facilitates the interpretation and implementation of the syllabus, as well as suggesting the appropriate teaching and learning methods, resources, and assessment. The teacher is, however, encouraged to be innovative in implementing the curriculum.

The handbook will go a long way in supporting implementation of the revised curriculum.

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INTRODUCTION

This handbook contains guidelines for the Business Studies teacher on how to approach the teaching of the subject.

The Business Studies Syllabus incorporates fundamental aspects of the various business disciplines leaving out the more specialized concepts for post school education and training. Its aim is to provide the learner with opportunities to acquire basic business knowledge, skills and positive attitudes necessary for the development of self and the nation.

The teacher is advised to lay emphasis on the use of specific objectives as a guide to effective teaching. The handbook takes this approach and outlines several instructional methods. However, these are only guidelines to teaching. The teacher is encouraged to be creative and innovative with a view to coming up with more instructional methods, especially those that are relevant to the individual differences of the learners. Time distribution for the various topics has been proposed in the syllabus but the teacher should feel free to adjust the time to suit the prevailing circumstances.

Teachers are advised to adhere to the use of professional documents to enhance teaching. Samples of schemes of work, lesson plans and record of work covered have been included to guide the teacher on how to prepare them.

Teaching and learning resources have been suggested. The teacher is encouraged to be innovative and resourceful in providing and making appropriate use of teaching and learning resources.

In assessment, teachers should cover all the learning domains and testing levels. The Assessment should be based on specific objectives of each topic taught. Teachers are strongly advised to develop their own tests based on the areas they have covered.

The syllabus has addressed contemporary and emerging issues such as information technology, environmental issues, HIV and AIDS, ethical issues, integrity among others. The teacher is advised to infuse and integrate emerging issues at appropriate points during the teaching of various relevant topics.

The handbook is intended to help the teacher to:

- Interpret the syllabus correctly
- Use appropriate methods to teach the various topics
- Identify and make use of appropriate teaching and learning resources
- Use the relevant professional document to enhance the teaching of the subject
- Come up with appropriate and effective ways of assessing the learning process
- The handbook should be used with the syllabus and relevant textbooks.

Note

Teachers are reminded that the handbook should be used as a **support to the syllabus and not as a substitute**. The guidelines given in this handbook are not exhaustive. The teachers should therefore equip themselves with supplementary information to suit the learner's needs.

PRELIMINARIES

OBJECTIVES

Objectives specify the intended learning outcomes. They are very important in guiding the teaching and learning process. There are four levels of objectives, namely:

- National goals of Education
- Level objectives.
- General objectives.
- Specific objectives.

NATIONAL GOALS OF EDUCATION IN KENYA

Education in Kenya should:

1. **Foster nationalism, patriotism and promote national unity**

Kenyans are a diverse society that brings together different groups. However, these groups need not be a hindrance to national unity as Kenyans have always embraced unity in diversity. It is a paramount duty of education to help learners acquire a sense of nationhood by removing conflicts and by promoting positive attitudes of mutual respect which enable them to live together in harmony. This remains the cornerstone of the Kenyan education system.
2. **Promote the social, economic, technological and industrial needs for national development**
 - a) **Social Needs**

Education in Kenya aims at preparing learners and especially the youth of the country to play an effective and productive role in the life of the nation. Education must prepare children for changes in attitudes and relationships which are necessary for the smooth progress of a rapidly developing modern economy. There should, therefore, be a silent social revolution following in the wake of rapid modernization and

globalization. Education should assist our youth to adapt to this change.

b) **Economic Needs**

Education in Kenya should produce citizens with knowledge, skills, expertise and personal qualities that are necessary to support a growing economy. The building of a modern and competitive economy is high in the agenda of our education.

c) **Technological and Industrial Needs**

Education must provide the learners with the necessary skills and attitudes for industrial development. In this regard, Kenyans recognize the rapid industrial and technological changes taking place, especially in the global economy and the fact that we can only be part of this global society if our education is focused on provision of knowledge, skills and attitudes that will prepare the youth for the global trends.

3. **Promote individual development and self-fulfillment**

Education should provide opportunities for the fullest development of individual talents and personality. In particular, education should help children to develop their potential and abilities. A vital aspect of individual development is character building in which education has a key role to play.

4. **Promote sound moral and religious values**

Education should provide for the development of knowledge, skills and attitudes that will enhance acquisition of sound moral values and helps children to grow up into self-disciplined, self-reliant and integrated citizens.

5. **Promote social equality and responsibility**

Education should promote social equality and foster a sense of social responsibility through a system which provides equal education opportunities for all. It should give all children varied and challenging opportunities for collective activities and social service irrespective of gender, ability or geographical environment.

6. **Promote respect for and development of Kenya's rich and varied cultures**

Education should instill in the youth an understanding of past and present cultures and their place in contemporary society. The children, in particular, should be able to blend the best of traditional values with the changed requirements that respond to rapid developments in order to build a stable and modern society.

7. **Promote international consciousness and foster positive attitudes towards other nations**

Kenya is part of the international community, in which there is a complicated and interdependent network of peoples and nations. Education should therefore lead the youth of the country to accept membership in this international community with all the obligations, responsibilities, rights and benefits that this membership entails.

8. **Promote positive attitudes towards good health and environmental protection**

Education should inculcate in the youth values for good health in order to avoid indulging in activities that will lead to physical or mental ill health. It should foster positive attitudes towards environmental development and conservation by making them appreciate the need to ensure a healthy and sustainable environment for the common good.

OBJECTIVES OF SECONDARY EDUCATION

Level objectives are targets that need to be achieved at the secondary level of education. They are derived from the National Goals of Education. These are given below:

Secondary Education should provide the learner with opportunities to:-

1. acquire necessary knowledge, skills and attitudes for the development of the self and the nation
2. promote love for and loyalty to the nation
3. promote harmonious co-existence amongst the people of Kenya
4. develop mentally, socially, morally, physically and spiritually
5. enhance the understanding and respect for own and other people's cultures and their place in contemporary society
6. enhance understanding and appreciation of inter-relationships among nations
7. promote positive environmental and health practices
8. build a firm foundation for further education and training
9. develop ability for enquiry, critical thinking and rational judgment
10. develop into a responsible and socially well adjusted person
11. promote acceptance of and respect for all persons
12. enhance enjoyment in learning
13. identify individual talents and develop them
14. build a foundation for technological and industrial development
15. develop into a self-disciplined individual who appreciates work and manages time properly.

GENERAL OBJECTIVES OF BUSINESS STUDIES

These are the expected outcomes at the end of the course. They are linked to the National Goals of Education and the level objectives. They give a rationale for the inclusion of the subject in the secondary school curriculum. The objectives are as listed below.
At the end of the course the learner should be able to:

1. acquire necessary knowledge, skills and attitude for the development of the self and the nation

understand business and its environment

appreciate the role of business in society

acquire necessary entrepreneurial knowledge, skills and

attitude for starting and operating a business

develop ability for inquiry, critical thinking and rational judgment

appreciate the need for ethical practice and efficient business management

acquire self-discipline and positive attitude towards work enhancement co-operation and inter-relation in the society through trade

understand the role of the government in relation to business activities

appreciate the role of communication and information technology in modern business management

develop positive environmental and health practices

develop a firm foundation for further education and training in business-related field

appreciate the need for measuring business performance

appreciate basic economic issues in society

understand the role of auxiliary services in business

appreciate the role of market forces in determining prices of goods

SPECIFIC OBJECTIVES

The national goals of education are interpreted into level objectives (secondary level). The level objectives are then broken down into subject general objectives and finally the subject specific objectives are broken down into specific objectives. The implementation of the national goals of education take place at the classroom level, where the goals are in the form of topics, specific objectives and content or facilitators.

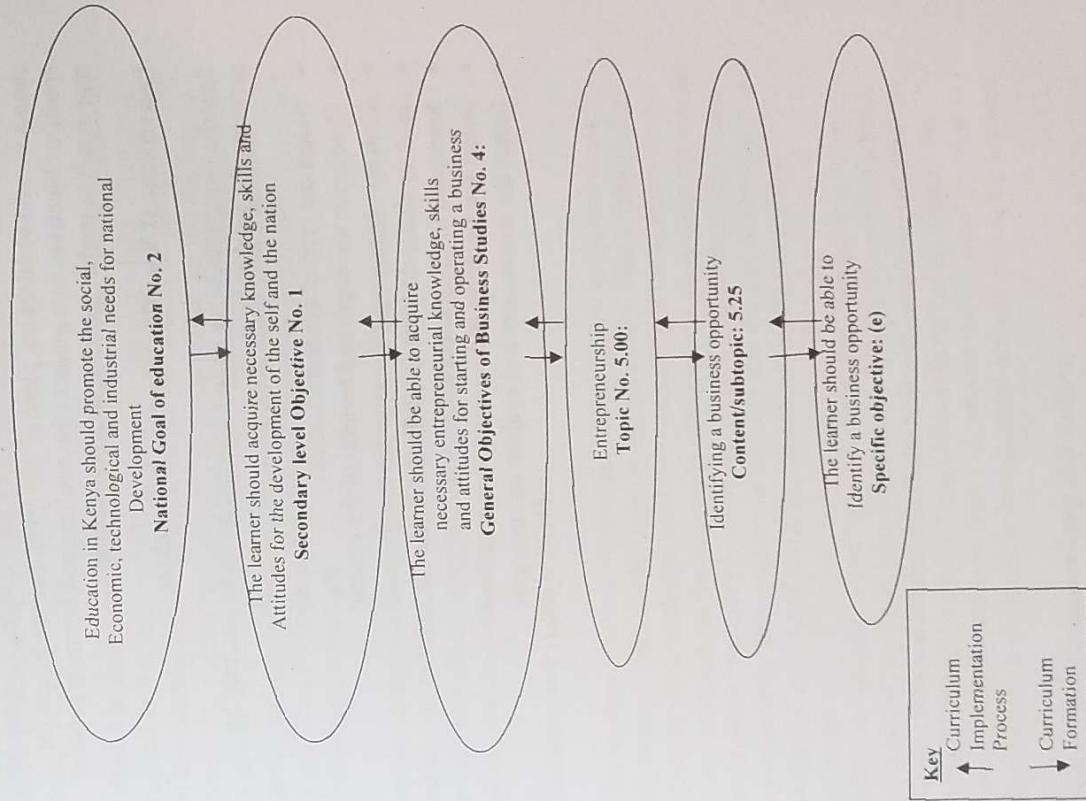
A specific objective is a statement of the behavior a learner is expected to exhibit at the end of the topic. In other words Specific or topic (content) objectives are the targets to be achieved by teaching each topic. They are very important in guiding the teacher to choose the content, learning and teaching activities, resources as well as assessment strategies. Below is an example of how syllabus topics and specific objectives are related to the other objectives.

NB. It should be noted that these four levels of objectives are interrelated. The teacher should therefore reflect on this and recognize how objectives are linked and achieved through the learning process as shown in the following example and flow chart.

Example

One of the national goals of education in Kenya is to promote the social, economic, technological and industrial needs for national development. This goal is related to the **secondary objective** that stipulates that secondary education should provide the learner with the opportunity to acquire the necessary knowledge, skills and attitudes for the development of the self and the nation. In the **general objectives** of Business Studies, the same objective is linked to number four which states that Business Studies will enable the learner to acquire necessary entrepreneurial knowledge, skills and attitude for starting and operating a business. In order to achieve these objectives, the topic on entrepreneurship would link these objectives clearly with specific objective stating that by the end of the topic, the learner should be able to identify a business opportunity.

FLOW CHART



The teacher should particularly take note of the importance of specific objectives and ensure that the content being taught addresses the specific objectives. If at any one time the content being taught does not facilitate any specific objective for the level, then teaching cannot be said to be taking place at that level. Failure to use the specific objectives as a guide to the teaching and learning process may result to under-teaching or over-teaching.

Importance of Specific Objectives in Teaching

Specific objectives serve as an important guide to teaching by assisting the teacher to:

- Select the type of content to teach
- Determine the depth and breadth of the content
- Link up various topics at same level
- Link up different topics at different levels
- Select the learning experiences
- Select the teaching and learning resources
- Select the assessment and evaluation strategies

METHODOLOGY

Business Studies is a living subject. This means that it is dynamic since it is influenced by social, political and technological changes among other factors.

It should be noted that activities carried out in the business world are practical to the students' life and the society as a whole. Therefore the approaches needed to teach the subject should be participatory in nature. The teacher should provide opportunities for the learners to share their experiences. The teacher is advised to be innovative in coming up with methods of teaching the various topics and sub-topics. Practical approaches and use of real objects to explain certain concepts is encouraged.

Suggested approaches/methodologies/techniques include; question and answer method, discussion, brainstorming and debate, role-play and dramatization, story telling, resource persons, field trips, case studies and demonstrations.

Question and Answer Method

This method involves the teacher asking guided questions to elicit information from the learners on topical issues. This is intended to establish the knowledge level and perception of the learners on the topic, especially at the beginning of the lesson. This helps the teacher to determine the entry level of the learners and organize the lesson appropriately. The teacher can also use it at the end of the lesson to assess the amount of learning that has taken place in a given situation.

The question and answer method can be used to reinforce other methods. It is a good approach because it helps to establish a quick rapport between teacher and learners as well as active participation, quick thinking thereby helping learners to reflect on issues. The teacher will therefore be able to determine the learners' level of experiences and establish the change of attitude among the learners.

Discussion, Brainstorming and Debate

These methods are used to make learners freely express their views on specific topics either in groups or as individuals. The teacher can

lead a discussion involving the whole class or organize the class into different smaller groups.

For the method to succeed, the teacher needs to carefully plan ahead, the areas for discussion which will lead to the achievement of the intended outcomes. The teacher guides the discussion by asking leading questions and involves as many members as possible. The teacher should synchronize the information from the learners with the expected outcomes and help the class to arrive at logical conclusions.

Where group work is involved, each group should be given opportunity to share with the other groups in a plenary. The teacher should guide both the presentation and reactions from the group members.

This participatory method easily applies to Business Studies as different learners have different experiences. They can then share their experiences through discussion hence are able to understand Business issues better.

The method is strong in generating varied views and creating ownership among the learners. It thus goes along way in influencing positive changes of attitude.

There is however, need for the teacher to manage time well as discussions, brainstorming sessions and debates can get out of control thereby consuming a lot of time.

Discussions can at times take the form of debates. In this case the class is divided into two groups of opposing views on a topic. The two groups freely express their views on the topics. The teacher guides the debate and consolidates the views expressed in arriving at a conclusion of the topic. The teacher is cautioned that planning is of vital importance in ensuring successful debates. Opportunity should also be accorded to as many learners as possible to participate in the debate.

Role play and Dramatization

Role-play is acting out an imaginary situation to demonstrate a real life experience. Dramatization is acting out a real life situation to bring out a message to sensitize people on an important topical issue.

These methods are quite effective in assisting learners to perceive and internalize situations that would otherwise be difficult to conceptualize. For instance a learner can dramatize a form of false advertising to bring out the falsehood in the advertisement. This can make the learners realize that advertisements need not be believed wholly. One needs to look at them critically to avoid being misled by some of them.

Story Telling

Story telling is a powerful tool of passing passionate appeals for support or change of attitude. A well-rendered story with a pertinent issue will move many learners, who might want to express their sympathy with the situation.

Stories are also used to share experiences. During story telling sessions, learners may be able to associate and empathize with some characters in the story, hence internalize the message advocated by that character.

The teacher should ask learners to collect relevant stories on Business issues from their immediate environment which they should share with the other learners. Based on their own experiences, the learners can also compose their own stories with appropriate business messages and share these with their colleagues.

Resource Persons

This technique is appropriate where the teacher may not have adequate information on a given topic. People from the relevant areas of interest can then be invited to come and talk to the learners about the topic. Such persons are referred to as resource persons. Resource persons should be sourced very carefully and be guided well on how to deliver the information appropriately to the learners. Their presentation should be planned well to fit within the lesson. The teacher should be present during the presentation so that as to recap the lesson by relating the talk to the objectives of the lesson, or to guide the learners in reacting to the presentation.

Field Trips

These are organized visits to places of learning interest. Trips provide learners with first hand information, which helps them to understand and form an opinion of the topic under review. A visit to an entrepreneur's business premises would for instance provide the learners with first hand opportunity to learn about aspects of entrepreneurship.

A field trip should be well planned in advance and the learners be sensitized on what to expect and look for. This helps them to be focused in their observations during the visit. Field trips do not necessarily have to cover long distances or be expensive. They can actually be made within the immediate school locality for as long as there is something to learn about there.

Case Studies

A case study is a detailed study of a person or a group or a unit in order to learn about their development and relationship with other similar people or units.

The main purpose of teaching using case studies is to allow for detailed analysis of the sample in order to gain wider insight of the general total population of the concept being addressed. For example by studying the activities of one retailer, one can be able to learn about the general features, activities, advantage, disadvantages and challenges of all retailers in a given area. Case studies thus may be used to cover work that would have taken a long period of time to complete.

Demonstration

This is illustration of a concept through the use of various resources. For example when teaching about office equipment there is need to show the learners the various equipments that are common in most offices such as cabinets, staplers, trays, paper punch, files and letter openers.

It is vital to introduce the topic before showing the equipment to the learners. Learners should be allowed to interact with the resources and ask questions regarding the use of the various equipments.

Field application of some of the methods of teaching Business studies is illustrated in various syllabus topics. Where possible appropriate emerging issues and trends have been infused and integrated.

NB. The teacher should, however, make any relevant changes to the proposed approaches/strategies/techniques. The teacher should come up with more approaches where need arises.

INFUSION AND INTEGRATION OF CONTEMPORARY

ISSUES

Business studies teachers can infuse and integrate emerging and contemporary issues. These issues in society include; HIV and AIDS, child labour, drugs and substance abuse, environmental issues in education, gender issues in education, emerging issues and trends in business studies among others.

Infusion - This is to incorporate a contemporary message(s) in the topic and content of an existing subject. The message should come out automatically and should not be forced.e.g. When teaching types of small scale retailers without a shop a child labour message can automatically be infused such as; children should be in school and not in hawking business'.

Integration- This is to incorporate a contemporary message(s) in the curriculum and co-curricula activities where infusion is not possible

LEARNERS WITH SPECIAL NEEDS

Introduction

Learners with special needs are those who differ significantly from the average learners in performance, abilities and developmental characteristics. Due to these differences, the learners require special services. These services include modification of the curriculum, teaching methods, teaching and learning materials, medium of communication and the physical environment to assist them to develop to their full potential.

CATEGORIES OF LEARNERS WITH SPECIAL NEEDS

(i) Hearing Impaired

These are learners with problems in the structure and functioning of the ear. This category includes people with mild to severe hearing loss. In this category we have learners who are hard of hearing and those who are deaf. Those who are hard of hearing have some hearing ability which can enable them to hear speech and acquire spoken language.

Those who are deaf cannot hear or understand speech.

The following are indicators of hearing impairments:

- Frequent ear infections
- Staring at the speaker's face
- Inability to monitor one's speech, sometimes speaks loudly or softly
- Does not respond when called
- Avoids activities where hearing is required
- Poor language skills

Interventions

When teaching learners with hearing impairments;

The teacher should:

- Speak loudly
- Encourage the learners to use hearing aids
- Face the learners while talking

Encourage the learners to sit near the speaker

- Use of total communication (verbal, gestures, facial expression etc)
- Use sign language

(ii) Visually impaired

These are learners with problems in the structure and functioning of the eye. People who are visually impaired are classified into two main categories; namely; the blind and those with low vision. The following are indicators of visual impairment:

- Difficulty in reading or in other work requiring close use of eyes
- Stumbling or tripping over small objects
- Holding books or small objects close to the eyes
- Inability to participate in games requiring distance vision
- Excessive sensitivity to light
- Red rimmed, encrusted, or swollen eyelids
- Complaints of not seeing well, of dizziness, headaches or nausea following close eye work
- Watery eyes
- Making quick eye movements from side to side
- Complaints of blurred or double vision
- Inability to turn their heads toward objects when placed in front of their face
- Shutting and covering one eye

Interventions

When teaching learners with visual impairments in an inclusive setting the teacher should:

- Training of residual vision
- Use tactile diagrams
- Use of large print
- Move the learners near the board in the classroom
- Ensure that there is enough light
- Have a sighted guide to lead the blind
- Use real objects where applicable

(iii) Gifted and talented

These are learners who perform exceptionally above the average to the extent that special educational programs are needed for them to develop their full potential.

Some indicators of giftedness are:

- Have high reasoning abilities
- Creative
- Inquisitive
- Have a good sense of humour
- Have exceptional leadership abilities
- Find class work at one's own level very easy
- Have original ideas
- Relate well with people older than them
- Are rich in vocabularies
- Enjoy reading books of advanced levels
- Learn rapidly and easily
- Have good memory
- Ask a lot of questions

Interventions

To assist such learners the following can be done:

- Grade skipping
- Acceleration in content coverage
- Assigning them leadership responsibilities
- Giving them challenging activities
- Allowing them to pursue independent studies
- Guiding and counseling the learner and the significant others such as peers, siblings, parents/guardians, teachers etc

(iv) Specific learning disabilities

Learners with learning disabilities can be identified by their teachers, parents and physicians.

Some of the indicators of learning disabilities are:

- Problems in motor skills like grasping, holding or picking up utensils and toys

Problems with visual-motor co-ordination

- Hyperactivity
- Excessive fear
- Problems in recognition of symbols, duplicating, copying, writing, talking etc
- Reading, writing or arithmetic problems
- Poor memory
- Problems in oral expression
- Difficult in perception
- May show good performance in some subjects and poor performance in others
- Reversal problems e.g. 'd' as 'b', 'p' as 'd'

Interventions

To assist such learners the teacher should:

- Use teaching and learning resources,
- Modify the learning activities into smaller units.
- Prepare and implement an Individualized Educational Programme (IEP).
- Assess the learners to know their strengths and weaknesses.
- Use remedial activities.

(v) Communication Difficulties

Communication difficulty is a condition which interferes with either the smooth flow of one's speech and language or the acquisition and development of such language.

It is characterized by problems in:

- Fluency
- Voice variations
- Articulation
- Receptive and expressive language

Some of the indicators of communication difficulties are:

- Stutters
- Tendency to breath through the mouth
- Excessive speed of speech
- Substitution and omission of some sounds

Interventions

- To assist learners with communication disorders the teacher should do the following:
- Speech training
 - Involving professionals such as speech therapists, counselors etc
 - Teach smaller units such as sounds, syllables, words then sentences
 - Encourage the learners to talk without forcing them
 - Use group activities
 - Counsel the learners with the disorders and the peers

(vi) Emotional and Behavioural Difficulties

Learners with emotional and behaviour difficulties are those whose behaviour deviates from their generally accepted age appropriate, ethnic or cultural norms, so as to result in significant impairment in self care, social relationships, educational progress, classroom behaviour or work adjustment.

Some of the indicators of emotional and behavioural problems in a child are:

- Restless in the class
- Unable to pay attention for a reasonable period of time
- Inability to build and maintain satisfactory interpersonal relationships with peers and teacher
- Absent from school for no apparent reason
- Stealing from others
- Disobedient and rude
- Disruptive, destructive and hyperactive behaviour
- Inappropriate behaviour and feelings under normal circumstances
- Have a tendency to develop physical symptoms or fears associated with personal or school problems

Interventions

The intervention for emotional and behavioural problems should target:

- Social skills
- Academic remediation due to poor performance in academic and short attention span
- Instructional materials
- Involve other professionals such as psychologists, counselors and social workers
- Behavioral modification techniques as rewards, token etc.

(vii) Physically Handicapped

People with physical handicaps are those with motor impairment which results from problems related to the bones and muscles. Learners with physical disabilities can be identified by looking at the following indicators:

- Noticeable difference between the movements of different sides of the body
- Deformity of such parts of the body like the legs, hands, fingers etc
- A child takes longer to sit, stand, walk and run as compared to age mates
- Abnormal body posture while walking and sitting
- Difficulty when moving around

Interventions

- Provide assistive devices such as crutches, wheel chairs, stands, walkers
- Analyse the tasks which the learners are finding difficult to perform
- Modify the physical environment such as building ramps, enlarging the doors etc
- Physiotherapy service-occupational therapy services

(viii) **Learners with mental handicaps**

These are learners with substantial limitations in present functioning which is characterized by a significant sub average intellectual functioning. These learners have limitations in two or more of the following adoptive skill areas:

- Communication
- Self care
- Social skills
- Self direction
- Health and safety
- Leisure and work

The following are possible indicators of mental handicaps

- Delayed speech
- Delayed motor development
- Delayed academic development
- Delayed psychomotor development
- One does not show interest in the objects or people around.
- A child may not show in adaptive behaviour
- A child may not easily learn to read, write or carry out simple arithmetic

Interventions

The focus of education for the mentally challenged is on:

- Development of basic academic skills
- Social competence
- Personal adjustment
- Vocational training
- Self-help skills
- Communication skills
- Perceptual training

NB: The focus of education should be based on the severity of the handicap

(ix) **Learners living under difficult circumstances**

These learners include:

- Learners who are traumatized

(vii) **Abused and neglected learners**

- Learners living in the streets
- Child labourers
- Refugees and displaced learners
- Orphaned learners
- Child mothers
- Learners affected and infected by HIV and AIDS
- Learners from deprived families
- Learners heading families
- Child soldiers
- Learners from pastoralist families
- Learners exposed to harmful cultural practices

These learners can be identified through:

- Observation
- Interviewing the learners themselves and their significant others

The abused and neglected learners can display some marks on their body like:

- Bruises, scars, cuts and abrasions
- Burns
- Fracture and joint injuries

The following are indicators for neglect:

- Abandonment
- Lack of supervision
- Inadequate or inappropriate nutrition
- Medical neglect
- Lack of adequate education
- Lack of adequate housing

The learners living under especially difficult circumstances display the following characteristics:

- Social withdrawal
- Lack of basic needs such as clothing, education, food, shelter
- Aggressive
- Visible scars and burns

To teach learners living in difficult circumstances the following should be included:

- Assess the child to know his/her strengths and weaknesses (challenges)
- Set teaching and learning objectives according to each individual needs
- Use appropriate and suitable teaching methods and resources to cater for each individual need

Note:

Learners with special needs can be educated in an inclusive setting. Inclusive education lays emphasis on modifying the learning environment to cater for all learners including those with varying disabilities and abilities. Unlike integration which attempts to modify the learner to fit into the existing schools, inclusive education modifies the school in terms of the physical and social environments, the teaching methods and evaluation methods.

PROFESSIONAL DOCUMENTS

- The teacher's attention is drawn to the important role played by professional documents such as schemes of work, lesson plans and record of work covered in facilitating the teaching and learning process. Formats for these documents have been proposed to show the **salient** components of each document. Samples of each professional document have been included as shown.

Schemes of Work

A scheme of work is a breakdown of topics in a syllabus into systematic smaller units that can be easily taught. It helps a teacher to visualize how to cover an entire syllabus effectively within the available time. Teachers are advised to scheme for the whole year, this helps the teacher to gauge on syllabus coverage as well as planning for resources requirement.

NB; Schemes of work should contain all curricula and co-curricula activities of the year.

Format of Schemes of Work

The following is a format of schemes of work

SCHEMES OF WORK

Name of Institution
Name of Teacher
Date
Subject
Term
Class
Periods per week
Duration of period

Week	Lesson	Topic/Sub-topic	Objectives	Teaching and Learning Activities	Teaching and Learning Resources	Remarks
1		Production	By the end of the lesson the learner should be able to:	- Explain what production is - Discuss different types of production	text book (author and page)	Learners were able to define production and give examples of each type of utility
2		Production	By the end of the lesson the learner should be able to:	- Explain what production is - Discuss different types of production	text book (author and page)	Learners had some problems distinguishing between the two types of production

Duration of Period: 40 minutes

Periods per Week: 3

Term: One

Date: 6th January 2009

Name of Teacher: James Barry

Subject: Business Studies

Class: Form I

Periods per Week: 3

SAMPLE SCHEME OF WORK

Week	Lesson	Topic/Sub-topic	Objectives	Teaching and Learning Activities	Teaching and Learning Resources	References	Remarks

LESSON PLAN

A lesson plan is a record of the teaching and learning experiences to be taught during a given lesson. In other words it is a teacher's work plan. Teachers are advised to prepare the lesson plan as it assist in assessing whether the learner have achieved the objectives and helps the teacher to plan for resources in advance. The following is a format of a lesson plan

FORMAT OF LESSON PLAN

Name of Institution	
Teacher's Name	Roll Date
Subject	Term Time
Topic	Lesson No. Class
Sub-topic
Lesson Objectives
Resources and References

the types of production. Lesson to be repeated	a) Distinguish between - Taking notes - Answer - Direct and indirect production within the Locality	Picture/s/charts Answer - Case study - Direct and indirect examples of production Give three examples of production within the Locality	Product - Levels of the lesson should be able to - Discussion and Answer - Questions and charls describle: a) the levels of production - Taking notes local examples of production b) Give on feature of each level of producion	Product - Levels of the lesson should be able to - Discussion and Answer - Questions and charls describle: a) the levels of production - Taking notes local examples of production b) Give on feature of each level of producion	text book (author and succesfully taught)
3					

Step and time	Content/ Skills	Teacher's Activity	Learner's Activities	Learner's activity
1 5 mins.	INTRODUCTION • Known to unknown • Linkages to the topic			• Learner to listen • Learner to answer Questions • Learner to write notes
2 30 mins.	DEVELOPMENT/BODY • Major points • Areas of emphasis			• Ask relevant questions • Link previous lesson • Introduce new topic
3 5 mins.	CONCLUSION • Summaries of what was covered during the lesson			• Contribution to discussion • Ask questions • Answer questions
3.5 Mins.		Development/Body • Explain the meaning of production and distinguish various types of utility	Guide learners to; • explaining the meaning of production • distinguishing various types of utility	
3.5 Mins		Conclusion • Summaries of lesson	Go over the key points of the lesson • Answer questions	• Listening • Taking notes • Ask questions

Remarks/Self-Evaluation: Lesson completed successfully

Move to next lesson next time.

NB: Teachers are advised to prepare lesson plan for exams

SAMPLE LESSON PLAN			
Teacher's Name:	Jane Kioko	Roll: 40	
Date: 24.1.04			
Subject: Business Studies		Term: I	
Time: 11.30 a.m.			
Topic: production	Lesson No. 1	Class: Form I	
Sub topic: Meaning of production and types of utility			

Lesson Objectives:

By the end of the lesson the learner should be able to:

- explain the meaning of production
- distinguish among the different types of utility.

Resources/References:

- Exploring Business Studies by J.A. Obugu (include page)
- Business Studies for the Secondary Schools by J.P.M. Mwai (include page)
- Any other relevant text

RECORD OF WORK COVERED

As the name suggests, this is a record of content taught by a teacher over a given time period. It is usually recorded in form of topics and sub-topics covered by the teacher after each lesson. It plays an important role in indicating the extent a teacher has covered the syllabus, or the point from where an incoming teacher should start teaching. It thus facilitates smooth transition when changes in the teaching staff occur in a school.

APPROACHES TO TEACHING THE VARIOUS SYLLABUS TOPICS

The following approaches have been proposed for teaching each of the thirty one (31) topics of the Business Studies syllabus. The teacher is advised that these are mere proposals which remain flexible for change as and when need arises

FORM ONE

SAMPLE RECORD OF WORK

Name of Teacher: Jane Kioko Subject: Business Studies
Term: I Form: I

Week	Lesson	Date	Topic	Work covered	Sub-topic	Remarks	Checked by
1	1 st	9/2/20	product on	Meaning of production types of utility		Taught successfully and no problems were encountered	H.O.D. Mrs. Mwemba
2 nd	0	10/2/20		"	Types of production - direct -Indirect production	Quite well covered	"
3 rd	0	11/2/20	"		Levels of production • Primary • Secondary • tertiary	Successfully covered	"

Specific Objectives

By the end of the topic, the teacher should be able to guide the learner to:-

- a) explain the meaning of Business Studies
 - b) explain the importance of Business Studies in society
- a) **Meaning of Business Studies**
- The teacher should assist the learner to define the terms:
 - Business which is derived from the word 'busy' meaning engaged. Business is an engagement of an individual or a group of people in any activity or activities in order to make profit.
- Studies which means making close examination of a particular subject or thing with a view to learning or gaining knowledge, skills and attitudes.
- Business Studies as a field of study or examination of business activities taking place in society. It examines how these activities can be organized in order to fully meet the needs of the society.

b) **Importance of business studies in society**

The teacher should guide the learner in explaining how the knowledge acquired in business studies will benefit the society. For example:

- The knowledge gained in record keeping will help the society to maintain accurate business records.
- The knowledge, skills and attitudes acquired in business studies will help in the development of the learner and the Nation.
- The knowledge acquired in Business Studies will enhance co-operation and inter-relation in the society through trade.
- Appreciate basic economic issues in society.

2.0 BUSINESS AND ITS ENVIRONMENT

Specific Objectives

By the end of the topic, the teacher should be able to guide the learner to:-

- explain the meaning of a business.
- explain the purpose of a business
- identify various business activities
- identify various types of business environments
- explain how the various business environments influence a business

(a) Meaning and purpose of a business

The teacher should:

- Review the meaning of the term 'business'.
- Assist the learner in explaining purposes of a business which may include,
 - profit maximization
 - creation of employment
 - provision of goods and services
 - promotion of self interest

(b) Business activities

The teacher should:

- Help the learner in explaining the term business activity, which entails the provision of goods and services in order to make profit.
- involve the learner in identifying various types of business activities which include:
 - extractive e.g. mining

- manufacturing/or processing
- construction e.g. bridge construction, house construction
- service provision e.g. transport, warehousing, banking
- buying and selling e.g. retailing

Business environments

The teacher should lead the learner in:

- Explaining the meaning of the term 'business environment'. Business environment refers to factors or conditions surrounding the business either positively or negatively.
- Identifying the various types of business environments which includes:
 - Internal environments- are those factors or conditions within the control of the business e.g. human resource, financial resources, physical resources, business culture and management styles among others.
 - External environment s-are those factors that affect the business operations but are beyond its control. Examples include political, legal, economic, demographic, socio-cultural and technology factor.
- Effects of various business environments on a business
- The teacher should guide the learner in explaining effects of various business environments on a business: For example, economic factors; if people are earning high incomes they will buy more as compared to when they are earning less.

3.0 SATISFACTION OF HUMAN WANTS

Specific Objectives

- By the end of the topic, the teacher should be able to guide the learner to:-
- explain the meaning and characteristics of human wants
 - classify human wants
 - explain the meaning of goods and services
 - discuss characteristics of goods and services

- e) explain the meaning and characteristics of economic resources
- f) relate the concept of scarcity, choice and opportunity cost to real life situations.

(a) Meaning and characteristics of human wants

The teacher should guide the learner in explaining:-

- (i) the meaning of human wants i.e. those things that are required in life for survival and comfort, for example, food, shelter, education, clothing, entertainment etc.
- (ii) characteristics of human wants which include recurrent, unlimited, complimentary e.t.c. The characteristics should be explained in simple terms using relevant examples. For example, recurrent – once the ant is satisfied it will occur again. Once somebody eats food like lunch, he/she feels hungry again and needs to eat supper.

(b) Types of human wants

The teacher should involve the learner in classifying human wants into basic and secondary wants and request the learner to give relevant examples.

(c) Meaning of goods and services

The teacher should assist the learner in explaining the meaning of the terms :

- **Goods** -refer to tangible things, objects or materials used to satisfy human wants. Examples include clothing, books, pens etc.
- **Services**- refer to intangible activities or efforts that satisfy human wants. Examples include teaching, nursing, and hairdressing.

(d) Characteristics of goods and services

The teacher should involve the learner in discussing the characteristics of goods and services such as:- goods are tangible while services are intangible. Both goods and services have monetary value.

- In discussing the characteristics of goods and services, it is important for the teacher to consider the differences and similarities between the two.

(e) Economic resources

The teacher should lead the learner in explaining:

- The meaning of economic resources.
 - Economic resources are things (inputs) required for production or creation of goods and services. These may include forests, roads, machinery and workers.
 - The characteristics of economic resources which include:-
- i. Limited in supply
 - ii. Have money value
 - iii. unevenly distributed from region to region
 - iv. Have alternative uses
 - v. Some can be transferred from one person/ place to another.
 - vi. Have ability to create utility.

(f)

The relationship between scarcity, choice and opportunity cost to real life situations

The teacher should involve the learner in explaining that human wants are unlimited but the resources are scarce or limited. Therefore, there is need to rank those wants and make choice as to which wants to satisfy first using the available scarce resources.

The teacher should lead the learner in explaining that people need to make choices due to scarce resources. The learners should be able to explain that the opportunity cost of the chosen commodity is the alternative foregone. The teacher should emphasize on how these concepts relate to real life situations.'

Give real examples relevant to students to conceptualize scarcity, choice and opportunity cost. For instance, the pocket money and the human want to be satisfied.

4.0 PRODUCTION

Specific Objectives

By the end of the topic, the teacher should be able to guide the learner to:-

- (a) explain the meaning of production
- (b) distinguish between the different types of utility
- (c) distinguish between direct and indirect production
- (d) describe the levels of production and occupations relating to each
- (e) discuss the factors of production and the rewards of each
- (f) explain the role of division of labour and specialization in the production process
- (g) classify goods and services produced in an economy

(a) Meaning of production

The teacher should guide the learner in explaining the meaning of: - production.

Production is the process of creating goods and provision of services to satisfy human wants. The process of production starts from the extraction to consumption.

(b) Types of utility

The teacher should lead the learner in:-

- defining the term utility and in identifying the different types of utility
- Utility is the ability of a good or a service to satisfy human wants. It can also be defined as the usefulness of a good or a service.
- distinguishing the different types of utilities using relevant examples.

For example,

Form utility -is created by changing the state of a commodity from raw material to a finished good through manufacturing/construction e.g. changing wheat into wheat flour and wheat flour into bread.

Place utility -is created by transporting goods from the point of manufacture to the point where it is

- required e.g. bread being transported from the bakery to the retail outlets.

Time Utility -is created by ensuring that the commodity is always available to the consumers any time, through storage or warehousing. For example, retail outlets stock bread in their premises to make it available the time it is needed.

Possession Utility -is created through the transfer of ownership from one party to another. For example, bread being bought from the retailer to the final consumer.

(c) Direct and indirect production

The teacher should involve the learners in:-

- Explaining the meaning of direct and indirect production.
- Direct production is producing of goods and services for own use while indirect production is producing goods and services for exchange.
- Distinguish the features of each which may include:-

Direct production

- | | |
|-------------------------------------|-------------------------|
| • No specialization. | There is specialization |
| • Production for own consumption | production for exchange |
| • Small scale production | Large scale production |
| • Use of simple tools in production | use of heavy machinery |

Indirect production

(d) Levels of production and related occupations

The teacher should guide the learner in:

- Describing the three levels of production.
- These levels include:
 - i. primary
 - ii. secondary
 - iii. tertiary
- Identifying occupations related to each level of production. These include:

Level	occupation
• Primary	Farming, fishing, quarrying e.t.c.
• Secondary	Manufacturing, processing, etc
• Tertiary	Nursing, teaching, banking e.t.c.

(e) **Factors of production and their rewards**

- The teacher should guide the learner in:-
- Explaining the meaning of factors of production.
 - Factors of production refer to resources that are required in the creation of goods and services.
 - Identify and explaining the factors of production as land, capital, labour and entrepreneurship
 - Explaining the features of the various factors of production and stating their rewards.

Labour	Provided by human beings. Can be improved through training Highly mobile	Salary/wages
Entrepreneurship	Organization of other factors of production Involves taking risk. Ownership of other factors of production	Profit

(f) **Division of labour and specialization**

The teacher should assist learners in:

- i. Explaining the meaning of:
- **Division of labour** - It involves the breaking down of production process into stages where each stage is assigned an individual(s) according to their talent
- **Specialization** -It involves concentrating in a particular task in which an individual is best suited.
- ii. Relating division of labour and specialization in a production process using relevant examples. For example, production of bread can be broken down into the following stages:- weighing of ingredients, mixing of ingredients, cutting of the dough, baking, wrapping and packing. Each stage is assigned to an individual or individuals according to their talents. The breaking down of the production process of bread is the division of labour while the assignment of each task to an individual which they can perform best is referred to as specialization.
- iii. Explaining the advantages and disadvantages of division of labour and specialization.

Factor of production	Features	Reward
Land	Fixed in supply. Gift of nature.	Rent
Capital	Its productivity can be improved It is human made. Can be improved through repairs	Interest

(g) **Classification of goods and services in an economy**

- The teacher should guide the learner in classifying of goods and services by use of relevant examples. For example,

- producer goods are goods that are used to produce other goods or for rendering services in business, such as buildings, Machinery, tools etc.

The teacher should elaborate the following classes of goods:

- Producer and consumer goods
- Free and economic goods
- Public and private goods
- Perishable and durable goods
- Shopping and convenience goods
- Material and non-material goods.

5.0 ENTREPRENEURSHIP

Specific Objectives

By the end of the topic, the teacher should be able to guide the learner to:-

- a) explain the meaning of entrepreneurship
- b) discuss the importance of entrepreneurship to an economy
- c) describe the characteristics of an entrepreneur
- d) generate business ideas
- e) identify a business opportunity
- f) evaluate a business opportunity
- g) explain the need for a business plan
- h) discuss the factors that influence entrepreneurship practices in Kenya
- i) discuss the causes of business success
- j) recognize the need for ethical practices in business.

- (ii) Entrepreneurship is the process or art of identifying business opportunities and getting the necessary resources to start a business.

Emphasis on the definition should clearly indicate that an entrepreneur is a person and entrepreneurship is a process/art.

b) Importance of entrepreneurship to an economy

The teacher should lead the learner in explaining the importance of entrepreneurship to an economy using local examples. These may include:-

- Creates employment in a country.
- Improves living standards.
- Develops new ways of using local resources that would otherwise lie idle.
- For example scrap metal used for making "jikos"

c) Characteristics of an entrepreneur

The teacher should guide the learner in describing the characteristics of an entrepreneur such as:

- Risk taker; that is, willingness to put in resources and work hard at achieving an objective (make gains) without being hindered by possibility of loss.
- Ability to solve problems – the entrepreneur is supposed to strive in getting solutions to problems in business.
- Future oriented- analyzing the environment and creates an opportunity out of it.
- Decision maker.-has ability to make viable decisions

a) Meaning of entrepreneurship

The teacher should guide the learner in defining the terms entrepreneur and entrepreneurship

- (i) Entrepreneur is a person who identifies business opportunities and gets the necessary resources in order to start a business.
- Hobbies

d) Generation of business idea

The teacher should guide the learner in:

- i. Defining the term business idea.
- ii. Business ideas are thoughts that when implemented can lead to wealth creation.
- iii. In identifying sources of business ideas which include:

- Hobbies

- Newspapers
 - Surveys
 - Vocational training and experience
 - Internet
- iii. Explaining methods which can be used to generate business ideas. These may include;
- Building on ones skills, hobbies or interest
 - Improving on an existing idea
 - Combining business ideas
 - Identifying a market niche (gap)
 - Listening to what people says

e) Business opportunity

The teacher should lead the learner in;

- explaining the meaning of the term “business opportunity”.
- A business opportunity is a chance or a gap that exists in the market that needs to be filled in the provision of goods and services at a profit. It only exists when there is acceptance to invest. Emphasize that not all business ideas will comprise business opportunities.
- identifying business opportunities. This may include:-

- Unsatisfied needs
- Change in demand
- Changing technology
- Change in taste, fashion and preferences
- Change in government policies.
- Disasters

f) Evaluating business opportunity

The teacher should guide the learner in evaluating business opportunities to determine their viability. For example,

- If expected profit is worth the amount of money invested.
- Availability and extent of the market.
- The availability of factors of production.
- Level of competition.

(v) Level of technology

g) Business plan

The teacher should guide the learner in explaining;

- The meaning of the term “Business plan”
 - A business plan is a formal statement of a set of business goals, why they are believed attainable and the plans for reaching those goals.
 - The components of a Business plan which are: -
 - Executive summary,
 - business description,
 - marketing plan,
 - organizational plan,
 - financial plan and
 - Production plan.
 - The need (importance) for a business plan. For example, it can be used to get a bank loan (external finances – acquiring equity financing).
- h) Factors that influence entrepreneurial practices
- Factors that provide opportunity to the learner to discuss the factors which encourage or discourage entrepreneurial practices in Kenya.
 - Factors which may encourage entrepreneurial practices include:
 - Role model
 - Government support/policies.
 - Relevant courses in schools.
 - Availability of resources.
 - Factors which may discourage entrepreneurial practices include:
 - Cultural beliefs
 - Poor infrastructure
 - Peer group influence
 - competition
- i) Causes of business success
- The teacher should involve the learner in discussing possible causes of business success using local examples For example:

- Good management practices will result to success while poor management practices will result in business failure.
- Good customer relation contributes to business success while poor customer relations will discourage customers
- Good infrastructure encourages business success while poor infrastructure discourages business success.

j) Ethical issues in business

- The teacher should guide the learner in explaining the meaning of the term ethics. Ethics refers to acceptable code of conduct in the organization and the society at large.
- Organizations should encourage ethical practices which include:-

- Complying with laws and regulations
- Honesty in dealing with customers and suppliers
- Fairness to all
- Integrity
- Gender issues
- Environmental issues

The teacher should assist the learner in explaining the need for ethical practices in business, for example businesses should not evade taxes to enable the government collect revenue for the development of the nation.

6.0 THE OFFICE

Specific Objectives

By the end of the topic, the teacher should be able to guide the learner to;

- explain the meaning of an office
 - explain the functions of an office
 - describe the various office layout
 - explain the uses of various office equipment
 - discuss the role of filing in an office
 - discuss the duties of various categories of office staff
 - describe essential qualities of each category of office staff
 - discuss trends in office management.
- Explaining the advantages and disadvantages of each type of office layout.
- d) **Office equipment and their use**
The teacher should assist the learner in identifying different equipment in an office and explain how they are used

- a) **Meaning of an office**
The teacher should assist the learner in explaining the meaning of an office.
An office is a room or a place where the activities of an organization are managed from.
- b) **Functions of office**
The teacher should assist the learner in explaining the functions of an office which may include;
- Keeping of records
 - reproducing documents
 - mailing
 - distribution of information

- c) **Office layout**
The teacher should help the learner in:
- Describing the office layouts, explaining features of each one of them as shown;

Type	Description	Features
Open plan	Is a room where entire staff is accommodated to perform their duties?	<ul style="list-style-type: none"> - Joint use of office facilities - Centralized supervision - Staff are located in one place.
Enclosed	This is where offices are divided into separate rooms where each officer is assigned a separate working place.	<ul style="list-style-type: none"> - Partition of rooms - Private use of office machines - Decentralized supervision

c) **Meaning of filing**

The teacher should guide the learner in:

- explaining the meaning of filing. Filing is the systematic process of classifying, arranging documents and records for easy retrieval by office staff.

- Elaborating on the following:

- i. Characteristics: - which include.
 - Economical
 - Safety
 - Elasticity
 - Simplicity

- ii Importance (role) of filing which may include:
 - protects documents
 - enhances tidiness and efficiency
 - assist in referencing

d) **Duties of various office staff**

In discussing the duties of the various types of office staff, the teacher should guide in identifying various categories of office staff and their duties

Staff	Duty
Manager	They make policies
supervisors	Implement policies
Support	They perform non specialized duties e.g. cleaning, delivering messages, sweeping e.t.c.

e) **Essential qualities of office staff**

The teacher should guide the learner in describing the essential qualities of office staff in terms of:

- (i) Personal attributes
- (ii) Office etiquette
- (iii) Professional skills and knowledge

f) **Trends in office**

The teacher should involve the learner in discussing any new developments in office management and organization such as:

- use of information and communication technology.
- performance contracting
- use of identification badge
- office decoration
- location of office

The teacher should organize for a visit to an office and guide the learner to familiarize them in various aspects of an office.

7.0 HOME TRADE

Specific Objectives
By the end of the topic, the teacher should be able to guide the learner to:

- (a) explain the meaning and importance of trade
- (b) classify trade
- (c) explain the forms of home trade
- (d) discuss the types and functions of retailers
- (e) discuss the types and functions of wholesalers
- (f) describe the documents used in home trade and explain the means of payment used in home trade and the circumstances in which they are used.
- (g) explain the terms of payment used in home trade and circumstances in which they are used.
- (h)

Meaning and Importance of Trade

The teacher should guide the learner in explaining the:-

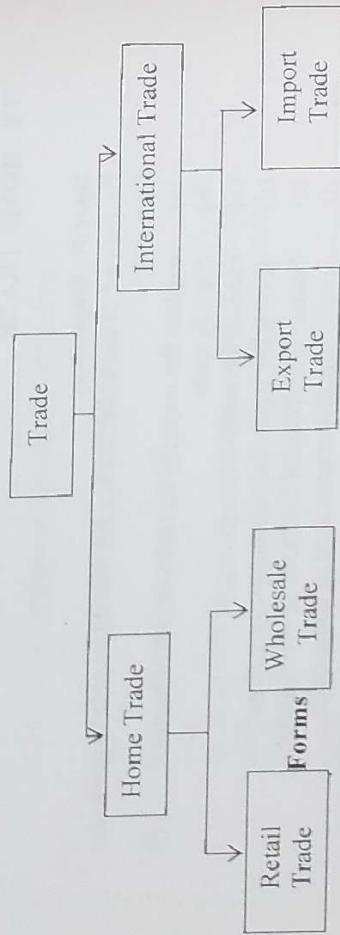
- Meaning of trade. Trade is the buying and selling of goods and services with the aim of making profit. It may also involve exchange of goods and services for other goods and services like in barter trade.

- importance of trade which may include:

- Helping one to acquire what he/she may not be able to produce. The local traders may not produce a certain commodity but traders can bring many commodities from other areas.
- Source of government revenue.
- Creates employment.
- Avails variety of goods and services to customers

b) **Classification of Trade**

The teacher should guide the learner in classifying trade into Home Trade and International trade. The following diagram can be used to illustrate the classifications.



The teacher should guide the learner in explaining the meaning of:

(i) Retail trade and retailer.

- **Retail trade:** This is the of buying goods in large quantities from other traders and selling them in convenient quantities to the final consumers.
- **Retailer:** Is a trader who buys goods in large quantities and sells them in convenient quantities to the final consumers.

(ii) Wholesale trade and wholesalers.

- **Wholesale trade:** This is the of buying goods in large quantities from the manufacturers and selling in convenient quantities to retailers and consumers.

- **A wholesaler:** Is a trader who buys in large quantities from manufacturers and sells in convenient quantities to retailers and consumers.

(d) **Types and functions of retailers**

The teacher should guide the learner in;

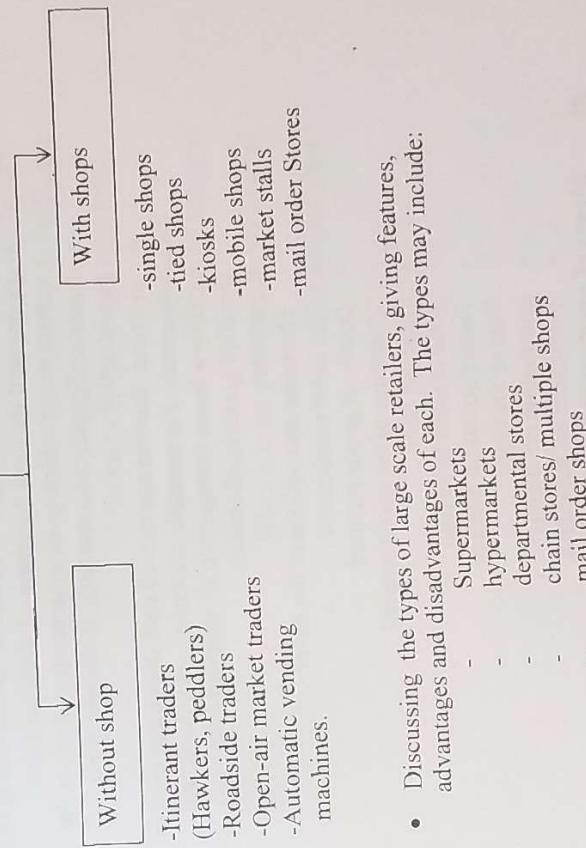
- discussing the functions of retailers to

- Consumers
- Wholesalers
- Manufacturers/ producers

Classifying retailers into small scale and large scale.

- Discussing the small scale retailers, classify them into those with shops and without shops. The features, advantages and disadvantages of each should be discussed.

The diagram below illustrates the classifications of small scale retailers.



- Discussing the types of large scale retailers, giving features, advantages and disadvantages of each. The types may include:

- Supermarkets
- hypermarkets
- departmental stores
- chain stores/ multiple shops
- mail order shops

- e) **Types and Functions of Wholesalers**
 The teacher should lead the learner in discussing the
 i) functions of wholesalers to :
 - Retailers
 - Consumers
 - Manufacturers
 ii) The types of wholesalers explaining the features of each which may include ;
 - Nation-wide wholesaler
 - General-line
 - Specialized
 - Regional

f) **Documents used in Home Trade**

- i) The teacher should assist the learner in
 • explaining the meaning of business transactions
 • differentiating between cash transactions and credit transactions.
- ii) The teacher should guide the learner in explaining the meaning of the term document. A document is a written record which gives evidence to a stage in the transfer of goods from one party to another for a consideration.
 • meaning, features and uses of each document used in home trade. For example, an Order – Is a document used by a buyer to request to be supplied with specified goods by the seller.
 It contains:
 - The name and address of the buyer
 - The order number
 - Details of goods required
 - Quantities of the goods ordered
 - Price per item
 - Total amount to be paid
 - Tender/quotation number
 - Date of the order
 - Information on delivery
 - Instructions on packaging

g) **Means of payment in home trade and circumstances in which they are used**

- The teacher should guide the learner in explaining the:
 (i) meaning of the term 'means of payment' - it is the method or ways the buyer may use to settle debts arising from business transactions.
 (ii) various means of payment, their features and circumstances under which they are used. For example, credit transfer is a means of payment used to make payments to a large number of people using one cheque. It is used where an employer has a large number of employees.

Terms of payment in home trade and circumstances in which they are used

- The teacher should lead the learner in explaining the:
 (i) Meaning of the 'Terms of payment'. It is an arrangement between a buyer and a seller on the mode of payment for goods and services provided
 (ii) various terms of payments, their features and circumstances under which they are used. For example, Cash with order (c.w.o). This is a term of payment used when the seller does not want to give credit. The payment is made when the order is being placed. It can be used under the following circumstances:
 - If the trader is operating a mail order business
 - If the buyer is new to the seller
 - When the credit worthiness of the buyer is in doubt.
 - When it is the policy of the business to sell on cash with order
 - When the seller wants immediate cash

FORM TWO

1.0 FORMS OF BUSINESS UNITS Specific Objectives

By the end of the topic, the teacher should be able to guide the learner to:-

- a) identify the various forms of business units
- b) explain the characteristics of each form of business unit
- c) discuss the formation and management of each form of business unit
- d) discuss the sources of capital for each form of business unit
- e) discuss the role of stock exchange as a market for securities
- f) explain the advantages and disadvantages of each form of business unit
- g) recognize the circumstances under which the various forms of business units may be dissolved.
- h) discuss trends in business ownership.

Forms of business unit

The teacher should guide the learner in identifying various forms of business units which include:

- (i) Sole proprietorship
- (ii) Partnership
- (iii) Private limited companies
- (iv) Public limited companies
- (v) Cooperatives
- (vi) Public co-operatives
- (vii) Parastatals

Sole Proprietorship

- i) The teacher should guide the learner in explaining the meaning of 'sole proprietorship'.
 - Emphasize that a sole proprietorship does not necessarily imply a small business.
 - Point out that the focus here is ownership and not sizes of business as is often assumed.

Guide the learner to cite local examples of sole proprietorships

- (ii) The teacher should provide the learner with an opportunity to discuss the following:

- Features of sole proprietorship
 - Procedures in the formation
 - Management
 - Sources of capital
 - Advantages and disadvantages
 - Circumstances that may lead to dissolution
- Partnership**
- The teacher should help the learner in explaining the meaning of the term "Partnership".
- The teacher should provide the learner with an opportunity to discuss the following:-
- Features
 - Formation
 - Management
 - Types of partnerships and classification of partners. Emphasis should be put on special benefits and restrictions accorded to some of partners and the reason(s) for such.
 - e.g. A minor partner cannot enter into a contract on behalf of the firm because of the age limit.
 - Sources of capital
 - Advantages and disadvantages
 - Circumstances under which the business, may be dissolved.
- Cooperatives**
- (i) The teacher should guide the learner in explaining the meaning of a cooperative
 - (ii) The teacher should provide the learner with the an opportunity to discuss the following:
 - Features of cooperatives
 - Formation of cooperatives
 - The teacher should emphasize that the members of cooperatives must prepare by-laws that must be presented to the commissioner of Cooperatives for its registration.

- Management
- Sources of capital
- Types of cooperative societies
- Advantages and disadvantages
- Circumstances under which a cooperative society may be dissolved

Private limited companies

- i) The teacher should assist the learner in explaining the meaning of private limited company
- ii) The teacher should provide the learner with an opportunity to discuss the following:
- Features
 - Formation
 - Management
 - Sources of capital
 - Advantages and disadvantages
 - Circumstances under which a private limited companies may be dissolved

Public limited companies

- i) The teacher should assist the learner in explaining the meaning of public limited company
- ii) The teacher should provide the learner with an opportunity to discuss the following:
- Features
 - Formation
 - Management
 - Sources of capital
 - Advantages and disadvantages
 - Circumstances under which a public limited companies may be dissolved

The teacher should provide an opportunity for the learner to point out the differences between private limited companies and public limited companies. For example:

Private	Public
Formed by two shareholders to fifty	Formed by a minimum of seven and no maximum.
Shares are not easily transferable	Shares are freely transferable
It can start operation after receiving certificate of incorporation	It can start operation after receiving the certificate of trading

The role of Stock exchange market

The teacher should assist the learner in:

- Explaining the meaning of stock exchange.
- Stock exchange is a market where shares and stocks are bought and sold. Its purpose is to connect those who wish to sell securities in touch with those who wish to buy them so that investments can change hands in the quickest, cheapest and fairest way possible. The buyers and sellers of securities are represented by stock brokers in the market.
- Explaining the meaning of securities, shares, stocks and brokers.
- Explaining the process of buying and selling of shares.
- Discussing the role (importance) played by the stock exchange. e.g.:
 - Setting the prices of securities
 - publishes useful information that can be used by investors
 - helps people to convert their savings into investments in quoted companies

Public corporation

- The teacher should assist the learner in explaining the meaning of public corporation.
 - A public corporation is a business unit in which the government owns the majority share capital. They operate with the intention of generating revenue for the government. Note that public corporations are different from public limited companies.
- The teacher should provide the learner with an opportunity to discuss the following:
 - Features which includes:
 - Government owns majority of the shares.

- Majority of the directors are appointed by the government
- They offer essential services
- Formation
 - Through an Act of parliament
 - The government selling part of its shareholding in a parastatal
 - The government taking over the operations of a limited company.
- Management. If a corporation is jointly owned, the government appoints some of the directors while the others are elected by the other shareholders
- Sources of capital which may include:
 - Sale of shares
 - Bank loans
 - Retained earnings
- Advantages and disadvantages
- Circumstances under which a public corporation may be dissolved include:
 - court order
 - Continuous losses
 - Act of parliament

Parastatals

The teacher should guide the learner in:

- (i) explaining the meaning of parastatals. A parastatal is an organization or body set up by the government to perform certain functions. Unlike public corporations, parastatal bodies do not have a share capital. Examples in Kenya include Kenya Agricultural Research Institute (KARI), Teachers Service Commission (TSC), Kenya Broadcasting Corporation (KBC), Kenya Bureau of Standards (KEBS).
 - (ii) explaining the features of parastatals which include the following among others:-
 - They are purely owned by the government
 - Do not have a share capital
 - Some may enjoy monopoly in their area of operation
 - Are formed to undertaken or provide essential services on behalf of the government.
- (iii) discussing the following:
 - Formation of parastatals
 - Management

- Sources of capital
- Advantages and disadvantages
- Highlight the circumstances under which a parastatal may be dissolved.

Trends in Business Ownership

The teacher should provide an opportunity for the learner to discuss observable trends in business ownership such as:-

- (i) Globalization in form of franchising, mergers/ amalgamation, patenting.
- (ii) Privatization
- (iii) Restructuring

2.0 GOVERNMENT AND BUSINESS

Specific Objectives

By the end of the topic, the teacher should be able to guide the learner to:-

- (a) explain reasons for government involvement in business
- (b) explain how the government gets involved in business
- (c) discuss the merit and demerits of government involvement in business activities
- (d) discuss the importance of consumer protection.

Government involvement in businesses

The teacher should guide the learner in explaining the reasons for government involvement in businesses. For example, provide essential goods and services where individuals are not willing to provide due to low profit, for example, postal services.

- Provide essentials services which require high initial capital outlay

(b)

Methods of government involvement in businesses

The teacher should guide the learner in explaining the methods of government involvement in businesses activities. These methods include:

- (i) Regulations
- (ii) Training

- (iii) Trade promotion
 - (iv) Provision of public utilities
 - (v) Provision of an enabling environment
- The teacher should assist the learner in explaining how government get involved in each of the above methods for Examples in case of Regulations

The government regulates business activities through:-

- Licensing: Define licensing and emphasize on the reasons why the government require businesses to have a license.

Setting standards: Emphasize on the reasons why the government sets standards and the bodies responsible for setting standards e.g. Kenya Bureau of Standards (KEBS).

- Policy formulation and Implementation
Emphasize on why policies are formulated and implemented and the body responsible for such e.g. Ministries concerned.

(c) Merits and demerits of government involvement in business activities

The teacher should guide the learner in discussing merits and demerits of government involvement in business activities.

- (i) Examples of merit
The government provides citizens with essential services that private individuals and organizations are not willing to offer due to low profit.
For example, sewerage and garbage collection.
- (ii) Examples of demerit:
Too much government involvement in businesses activities may discourage private investors, especially as it poses unfair competition to the private sector.

(d) Consumer protection

The teacher should guide the learner in

- i) Explaining the meaning of consumer protection.
Consumer protection refers to deliberate mechanisms or efforts put in place by various parties to ensure that the rights of consumers are not violated.

- (ii) Discussing why consumers need to be protected. For example:

- To ensure that consumers get high quality goods and services from traders or manufacturers.
- To ensure that buildings and constructions observe safety standards

- (iii) Discussing methods of consumer protection giving relevant examples. These methods fall in three categories:

- Government initiated e.g. Weights and Measures Act
- Consumer initiated methods e.g. formation of consumer Organizations
- Non-Governmental Organizations initiated methods e.g. Kenya Association of Manufactures (KAM).

- (iv) Discussing factors which have limited the success of consumer protection initiatives in Kenya. For example:-
- Ignorance by consumers about their rights
- Lack of adequate government support
- Consumers buy individually

3.0 TRANSPORT

Specific Objectives

By the end of the topic, the teacher should be able to guide the learner to:

- a) Explain the meaning and importance of transport to business
- b) explain the essential elements of transport
- c) describe the modes and means of transport
- d) discuss advantages and disadvantages of each means of transport
- e) discuss the factors which influence choice of appropriate means of transport
- f) discuss trends in transport.

- a) **Meaning and importance of transport**
The teacher should guide the learner in explaining the meaning and importance of transport to business.

b) **Essentials of transport**

The teacher should involve the learner

In explaining the essentials elements of transport which are:-

- Unit of carriage
- Method of propulsion
- The way
- Terminal

c) **Means and modes of transport**

The teacher should:

- lead the learner in differentiating between mode and means of transport, where the mode refers to ways used by the various units of carriage, that is, land, water and air while are means are the units of carriage that are used to transport goods and passengers from one place to another.
- guide the learner in describing various modes and means of transport. For example, land has the following means of transport:
 - i. Vehicles
 - ii. Carts
 - iii. Human portage
 - iv. Bicycles
 - v. Trains
- Lead the learner in discussing the advantages and disadvantages of each means of transport.
- Use relevant examples to guide the learner discussing factors which influence the choice of an appropriate means of transport.

d) **Trends in transport**

The teacher should familiarize himself/herself with the current trends in transport and lead the learner in discussing them . These trends include:-

- advancement in containerization
- pipeline
- computerization of transport system
- bicycle and motorcycle

4.0 **COMMUNICATION**

b) **Specific Objectives**

By the end of the topic, the teacher should be able to guide the learner to:-

- a) explain the meaning and importance of communication
- b) describe the lines of communication
- c) explain the essentials of effective communication
- d) discuss the advantages and disadvantages of each means of communication
- e) discuss the factors that influence choice of an appropriate means of communication
- f) identify the barriers to effective communication
- g) discuss services that facilitate communication
- h) discuss trends in communication.

a) **Meaning and importance of communication**

The teacher should guide the learner in explaining:

- i. The meaning of communication.
- Communication is the process of transferring, passing or transmitting information between two or more parties.
- ii. the importance of communication, for example;
 - Communication enables co-ordination. Co-ordination within the organization is enhanced enabling changes to take place. The top management is enabled to instruct the junior staff.
 - It improves harmony between two disputing parties.

The teacher should emphasize that elements of communication are essential in the introduction of the topic. These are;

- Sender
- Message
- Medium
- Receiver
- Feedback

b) **Lines of communication**

The teacher should involve the learner in describing the lines of communication which includes:

Vertical: This is the flow of information from either downwards or upwards

Horizontal: This is the passing of messages between or among persons in the same rank.

Formal: This is the official communication.

Informal: This is communication that is non-official.

c) **The essentials of effective communication**

The teacher should guide the learner in explaining the essentials of effective communication. For example:-

Clarity of the message: the message should be clear to make it easy for the recipient to understand.

There should be absence of prejudice to both parties for the message to be understood. Both parties should have positive attitude towards one another.

Information should be adequate. i.e. the information should be enough for the receiver to understand

d) **Forms and means of communication**

The teacher should guide the learner in:

i. Distinguishing between the forms and means of communication

- **Forms of communication:** This is the manner or way in which communication is transmitted. It includes:

- verbal/oral communication
- written communication
- audio-visual

- **Means of communication:** These are the various methods used under each form.

ii. Explaining the various forms of communication:-

- give advantages and disadvantages of each form of communication
- explain the means under each form of communication
- explain the advantages and disadvantages of each means of communication

Verbal Communication

This is the transmission of information and messages through the word of mouth.

Advantages include:

- immediate feedback is possible.
- clarity can be sought on the spot.

Disadvantages include:

- does not provide future reference
- the message can be distorted by third parties

An example of verbal form of communication is face to face communication: This is communication involving two or more persons talking directly to each other.

Advantages include:

- convenient for confidential messages
- suitable for convincing the other party

Disadvantages include:

- it is time consuming
- it does not provide record for future reference

Written Communication

This is a form of communication that transmits information through writing.

Advantages include:

- provides evidence for future reference
- it is not easy for the message to be distorted

Disadvantages include:

- does not provide room for immediate feedback.
- not suitable for illiterate persons.

An example of means of written form of communication is letter writing.

Audio-Visual: This is a form of communication that combines sounds and signs.

Advantages include:

- suitable for both illiterate and literate persons.
- Has a strong impact in message delivery.

Disadvantages include:

- the message can be easily misinterpreted if the signs are not universal.
- some audio-messages are expensive to prepare.

An example of an Audio Visual form of Communication is the siren. This is a device that produces a shrill sound accompanied by flashing lights to warn about something.

The following table illustrates the different forms of communication and their corresponding common means.

Verbal Communication	Written Communication	Audio-Visual Communication
Face to face	Letters	Televisions
Telephone	Memorandum	Cinema
Interviews	Minutes	Video
Radio-calls	Reports	Sirens
Joint Consultations	Curriculum Vitae	Visual-gestures
Public Speaking	Faxemile/Fax	-symbols
Meeting	E-mail	-Facial expression
	Circulars	-Diagrams
	Agenda	-charts
		Audio-whistles
		-sirens

e) **Choice of appropriate means of communication**

The teacher should guide the learner in discussing factors that influence choice of an appropriate means of communication. For example:

- Urgency of the message: When a message is urgent the most appropriate means of communication should be selected i.e. telephone. Alternatively, if the message is not urgent, any other means can be used.
- Cost of the means
- Confidentiality of the means
- Barriers to effective communication

f) **Barriers to effective communication**
The teacher should involve the learner in explaining barriers to effective communication. For example:

- Noise disrupts effective communication.
- Facsimile (fax)

- Break-down in medium of communication affects effective communication, for example network failure affects mobile communication.

g) **Services that facilitate communication**

The teacher should lead the learner in discussing the services that facilitate communication. The services include:

- **Courier Services:** These are services offered by business organizations to deliver parcels and letters physically to local and international destinations. Examples of organizations offering courier services include:-
- Document Handling Limited (DHL)
- Nation Media Group
- Akamba Bus
- Kenya Airways
- **Mass Media:** This is a means of communication that reaches a large number of people spread over different areas. Examples are:
 - Radio
 - Television
 - Newspapers
- **Postal Services:** These are services of sending letters and parcels through the post office. Services offered include:
 - Ordinary Mail
 - Registered Mail
 - Express Mail
 - Speed Post
 - Poste Restante
 - Business Reply Service
- **Telecommunication Services:** This refers to communication over along distance using telephone and telegraph. It can be done using cable or wireless network.

h) **Trends in communication**

The teacher should involve the learner in discussing the trends in communication. These include:

- Facsimile (fax)

- Internet i.e. email, e-commerce etc
- cell-phones
- And any emerging trend in communication.

In discussing these trends, the teacher should emphasize the importance, advantages and disadvantages of these trends.

5.0 WAREHOUSING

Specific Objectives

By the end of the topic, the teacher should be able to guide the learner to:-

- a) explain the meaning and importance of warehousing to business
- b) discuss the essentials of a warehouse
- c) identify the various types of warehouses
- d) explain the advantages and disadvantages of each type of warehouse.

a) Meaning and importance of a warehouse

The teacher should:-

- i. provide an opportunity for the learners to discuss how local businesses and farmers store their goods.
- ii. involve the learner in explaining the meaning of "warehouse" and "warehousing".
- iii. guide the learner in explaining the importance of warehousing.

b) Essentials of a warehouse

The teacher should create an opportunity for the learner to discuss the essentials of a warehouse. For example:

- i. suitable equipment such as forklifts that are used to lift goods, from one place to another within the warehouse. The forklifts can also be used to load goods on to vehicles.
- ii. enough space should be available to allow easy movements and accommodation of goods and personnel

c) Types of warehouse

The teacher should provide an opportunity for the learner to discuss the various types of warehouses. Which include:

- Public
- Private
- Bonded

d) Advantages and disadvantages of each type of warehouse

The teacher should assist the learner in explaining each type of warehouse giving its features, advantages and disadvantages.

6.0 INSURANCE

Specific objectives

By the end of the topic the teacher should be able to guide the learner to:-

- a) explain the meaning and concept of insurance
- b) discuss the importance of insurance
- c) explain terms used in insurance
- d) explain the principles of insurance
- e) distinguish between the classes of insurance
- f) explain the meaning of re-insurance and co-insurance
- g) describe the procedure of obtaining an insurance policy
- h) describe the procedure of making an insurance claim.

a) Meaning and concept of insurance

The teacher should guide the learner in explaining the meaning and concept of insurance.

Insurance is contract between a person or an institution with an insurance company where the Institution or person pays regular payments and the insurance company undertakes to compensate the person or institution in case of a loss.

The concept of insurance involves pooling of risk. Pooling of risks refers to the collection of payments paid by people (institutions) which will be used to compensate those insured who suffer losses out of the risk insured against.

- This is a contract between the insurer and the assured where the assured will be paid a certain amount of money upon death or on expiry of the policy.

b) Importance of Insurance

The teacher should guide the learner in discussing the importance of insurance giving relevant examples.

Example:

- Insurance compensates the insured ensuring that there is continuity in business or trade even after a loss has occurred.
- The money collected by insurance companies is made available as loans to the policy holder. This can be used to develop various sectors of the economy.

c) Terms Used in Insurance

The teacher should lead the learner in explaining the various terms used in insurance.

Some of the terms are:

Insured - this is the company or individual who pays regular payment to the insurance company so that he/she can be compensated in case of the loss insured against occurring.

Insurer - this the insurance company

Premium - this refers to regular payments made by the person taking insurance policy.

d) Principles of insurance

The teacher should involve the learner in explaining the principles of insurances.

Principles are canons or guidelines followed when taking a policy or claiming compensation.

These principles include:

- Utmost good faith/uberrimae fidei
- Principle of indemnity
- Principle of proximate cause
- Insurable interest
- Principle of subrogation
- Principle of contribution

e) Classes of insurance

The teacher should lead the learner in distinguishing the classes of insurance.

Each class of insurance should be explained citing the general characteristics and policies falling under each.

(i) Life Assurance

- This is a contract between the insurer and the assured where the assured will be paid a certain amount of money upon death or on expiry of the policy.

(ii) General Insurance /property

This class of insurance covers property against a specific risk that may result into loss.

(iii) State insurance

This is a statutory deduction to cater for employee welfare in matters of life.

- (iv) The following is an example of policies falling under each class of Insurance.

Life Assurance

- Endowment
- Whole life

General/Property Insurance

- | | |
|--------------------------|------------------|
| Fire | - Motor policies |
| Theft and burglary | - Third party |
| Fidelity guarantee | - Comprehensive |
| Workmen compensation | - Marine |
| Cash and good on transit | - Hull |
| Public liability | - Cargo |

State Insurance

- | | |
|--------------------|---------------------------------------------|
| Fire | - National social Security Fund (NSSF) |
| Theft and burglary | - National Hospital Insurance Fund |
| Fidelity guarantee | - Widows and Children Pension Scheme (WCPS) |

f)

- Reinsurance and co-insurance**

The teacher should guide the learner in explaining the meaning of re-insurance and co-insurance.

- (i) Re-insurance is a situation where an insurance company insures itself with bigger insurance company.

- (ii) Co-insurance is the spreading of risk among several insurance companies when the value of property is too high to be compensated by one insurance company. For example, marine insurance.
- g) **Procedure of obtaining an insurance policy.**
 The teacher should involve the learner in describing procedure of obtaining an insurance policy. This involves:
 - Identifying the insurer
 - Fill the proposal form
 - Calculate the premium
 - Issue of a cover note
 - Issuance of the policy
- h) **Procedure of making a claim**
 The teacher should involve the learner in describing procedure of making an insurance claim. which includes:
 - Notifying the insurer
 - Filling of the claim form
 - Assessment/investigation
 - Payment of the claim
- i) **Meaning of a product**
 The teacher should guide the learner in explaining the meaning of the term 'product'.
 Product is anything that is offered to customers to satisfy their wants.
 Emphasize that the term is not limited to goods alone but also includes services.
- j) **Meaning of product promotion**
 The teacher should provide an opportunity to the learners to give their views on the meaning of product promotion.
 - Product promotion is a process through which the seller communicates to the prospective buyers in order to influence their interests, desires, as well as creating awareness about a product.
- k) **Methods of product promotion**
 The teacher should involve the learner in explaining the importance of product promotion. This may include:-
 - Influencing the consumer to try out a new product
 - Increasing the sales volume of a given product
 - Creating awareness about a product
 - Enhancing customer loyalty.
- l) **Methods of product promotion**
 The teacher should lead the learner in explaining the various methods of product promotion. These include:
 - **Personal selling** - includes the following methods:-
 field sales, showrooms, trade shows and exhibitions.
 - **Advertising** - Under advertising methods the following media can be used:-
 - electronic media, which include the following
 radio, television, cinemas, neon signs, Internet.
 - Print media includes bill boards, magazines, newspapers, catalogue posters, direct mail, journals. Billboards may fall under the electronic media.
 - **Sales promotion** - includes free gifts, credit facilities, discounts, loss

Specific Objectives

By the end of the topic, the teacher should be able to guide the learner to:-

- a) explain the meaning of a product
- b) explain the meaning and importance of product promotion.
- c) explain the various methods of product promotion
- d) explain the advantages and disadvantages of each method of product promotion
- e) discuss factors which influence choice of promotion method
- f) recognize the need for ethical practices in product promotion
- g) discuss trends in product promotion

- leader, point of sale displays, after sales services, coupons
- **Public relation**-communicating information on organizations product, policies and actions to specific consumer groups or public at large.
- **Publicity-** free advertising where by a desire of a product is created or boosted by unpaid for features or presentations.

d) **Advantages and disadvantages of each method of product promotion**

The teacher should guide the learner in discussing the advantages and disadvantages of each method of product promotion.

e) **Factors influencing choice of product promotion method**

The teacher should involve the learners in discussing the factors which influence choice of product promotion. These may include:

- Cost of the method
- Target group
- Nature of the groups
- Availability of the media
- Legal issues

f) **Ethical issues in product promotion**

The teacher should guide the learner in discussing ethical practices in product promotion. For example, it would be unethical for a product promoter to cheat prospective customers by giving false information about the product in terms of quality, ingredients and pricing.

g) **Trends in product promotion**

The teacher should lead the leaner in discussing trends in product promotion capturing changes that are taking place in relation to:-

- Product development
- Product features
- Changing lifestyles

- Legal issues
 - Information technology
 - Promotion methods
 - Promotion media
 - Impact of HIV and AIDS
- In addition to the above, the teacher should guide the learner in identifying current product promotion trends in their immediate environment or locality.

FORM THREE

1.0 DEMAND AND SUPPLY

Specific Objectives

By the end of the topic, the teacher should be able to guide the learner to:-

- a) explain the meaning of demand
- b) explain the factors which influence demand for a product
- c) distinguish between derived demand and joint demand
- d) derive a demand curve from a demand schedule
- e) distinguish between movement along a demand curve and shift in the demand curve
- f) explain the meaning of supply
- g) explain the factors that influence supply of a product
- h) derive a supply curve from a supply schedule
- i) distinguish between movement along a supply curve and shift in supply curve.
- j) determine equilibrium price and equilibrium quantity
- k) discuss the effect of excess demand and excess supply in the market
- l) explain the effect of a shift in demand curve on equilibrium price and equilibrium quantity.
- m) explain the effect of a shift in supply curve on equilibrium price and equilibrium quantity
- n) explain other methods of determining price of a product.

a) Meaning of demand

The teacher should guide the learner in explaining the meaning of demand emphasizing willingness, ability, price and time as the key elements of the definition. In explaining demand approach it from two perspectives:-

i) Individual demand

This is the quantity of a commodity an individual is willing and able to buy at a particular price over a given period of time when other factors are held constant or other things being equal (*ceteris paribus*)

- ii) Market (collective) demand This is the quantity of a commodity that will be bought in the market at a given price over a given period of time.

b) Factors influencing demand for a product

the teacher should guide the learner in explaining the factors that influence demand for a product. For example an increase in income increases demand of a product while a decrease in income decreases demand of a product.

c) Derived demand and joint demand

The teacher should lead the learner in differentiating between derived demand and joint demand using relevant examples.

i) Derived demand is demand for a product not for its own sake but because it is required to produce other goods and services. For example machines are demanded because of the goods they help to produce. Likewise, baking powder is required in the production of bread hence when the demand for bread increases, more baking powder will be demanded and vice versa. In this case the demand for baking powder is derived demand.

ii) Joint demand occurs when two or more products are demanded together. In other words they are complementary goods. For example motor cars and petrol are demanded jointly. Another example is the torches and batteries.

d) Demand schedule and demand curve

The teacher should assist the learner in explaining the meaning of:

- Demand schedule.
- A demand schedule is a list of possible prices and quantity of a commodity that will be demanded. Using

relevant examples guide the learner in preparing the demand schedule.

- Demand curve. A demand curve is a graphical representation of a demand schedule. It shows the relationship between the price of a product and the quantity demanded. There is an inverse relationship between the price and quantity demanded for a commodity

Using the demand schedule prepared, guide the learner in deriving a demand curve.

- Using the demand curve derived, lead the learner in explaining the law of demand.

e) **Movement along a demand curve and shift in a demand curve**

The teacher should involve the learner in distinguishing between the movement along a demand curve and shift in demand curve. In explaining these concepts emphasize that:

- Movement along a demand curve refers to change in quantity demanded as a result of changes in the price of a commodity.
- A shift in a demand curve refers to changes in quantity demanded as a result of changes in factors other than the price of the commodity.

f) **Meaning of supply**

The teacher should guide the learner in explaining the meaning of supply.
Supply is the quantity of a commodity that will be taken to the market for sale at a given price over a given period of time.

g) **Factors influencing supply of a product**

The teacher should assist the learner in explaining the factors which influence supply of a product, showing how each factor leads to an increase or decrease in supply. For example, an improvement in technology would lead to an increase in production of a commodity. This will increase the quantity supplied while poor technology will lead to low productivity of goods and service hence low supply.

h) **Supply schedule and supply curve**

The teacher should help the learner in explaining the meaning of:

- Supply schedule. A supply schedule is a list of possible prices and quantity of a commodity that would be supplied to the market.

Using relevant illustrations the teacher should guide the learner to prepare a supply schedule.

- Supply curve. This is a graphical representation of a supply schedule. It shows the relationship between the price of a product and the quantity supplied in the market.

Using the supply schedule prepared guide the learner in deriving a supply curve. From the supply curve derived lead the learner in stating the law of supply which states that 'more will be supplied at a higher price than at a lower price. There is a positive relationship between the price of a commodity and the quantity supplied.'

i) **Movement along and shift in supply curve**

The teacher should involve the learner in distinguishing movement along a supply curve and shift in supply curve.

- Movement along a supply curve refers to change in quantity supplied as a result of changes in the price of a commodity
- A shift in a supply curve refers to changes in quantity supplied as a result of changes in factors other than the price of a commodity.

j) **Equilibrium price and quantity**

The teacher should guide the learner in explaining the meaning of the term equilibrium. Equilibrium means equal. This is the point at which the quantity demanded is equal to the quantity supplied.

In determining the equilibrium price and quantity the teacher should involve the learner in illustrating by drawing a demand curve and supply curve in the same graph. Where the demand curve intersects with the supply curve is the equilibrium point. The price at the point

of equilibrium is the equilibrium price and the quantity will be equilibrium quantity.

- At the equilibrium,
- the quantity demanded is equal to the quantity supplied.
 - there is no shortage or surplus in the market.
 - Both buyers and sellers are satisfied about the price charged.

k) Excess demand and Excess Supply

- The teacher should guide the learner in explaining the meaning of excess demand and excess supply. Excess demand occurs when the quantity demanded is greater than the quantity supplied. This will lead to a shortage in the market. This is normally caused by a decrease in price.

Excess supply occurs when the quantity supplied is greater than the quantity demanded. It is referred to as a surplus. This occurs when the price of a commodity increases.

- The teacher should assist the learner in
 - illustrating excess demand and excess supply by drawing the equilibrium curves.
 - demonstrating excess demand by showing how a decrease in price will lead to a higher quantity demanded and a lower quantity supplied. The difference between the quantity demanded and quantity supplied at that price which is lower than equilibrium is the excess demand. Excess demand depicts a shortage in the market. Whenever there is a shortage there will be pressure to push prices upwards until it goes back to the equilibrium.

Point out the reactions that occur whenever there is a shortage. For example, black markets, queues and rationing among others.
The teacher should use the same argument in discussing the effects of excess supply.

- l) **Effect of Shift in Demand Curve**
- The teacher should assist the learner in drawing the demand curve and the supply curve and obtain the equilibrium price and quantity.
 - On the same graph the teacher should lead the learner in drawing a new demand curve either showing a decrease or an increase in demand. An increase in demand is denoted by a shift in the demand curve to the right while a decrease is denoted by a shift of the demand curve to the left.
 - The teacher should guide in obtaining the new equilibrium price and quantity and making conclusions on the effects of shifts in the demand curve.
- m) **Effect of a shift in Supply Curve**
- Following the same procedure above the teacher should guide the learner in analyzing the effect of shift in the supply curve and making appropriate conclusions
- n) **Other methods of Determining Price of a Product**
- The teacher should guide the learner in explaining other methods of price determination other than price mechanism. These may include:
 - Haggling/bargaining
 - Auction
 - Government policy

2.0 SIZE AND LOCATION OF A FIRM

Specific Objectives

- By the end of the topic, the teacher should be able to guide the learner to:-
- a) distinguish between a firm and an industry
 - b) discuss the factors which influence the decision on what goods and services to produce.
 - c) describe the criteria of determining the size of a firm.
 - d) explain the factors that influence the location of a firm
 - e) discuss the advantages and disadvantages of localization and delocalization of firms

- f) discuss the economies and diseconomies of scale
- g) justify the reasons for existence of small firms
- h) discuss the implications of production activities on the environment and community health
- i) recognize the need for maintaining a healthy environment.

a) **Concept of a firm and an industry**

The teacher should guide the learner in distinguishing between a firm and an industry.

- Firm is a single unit of business organization that uses economic resources to produce goods and services with a view to selling to consumers at a profit. An industry on the other hand is a group of firms which produces related products.

For example, the following are firms in the motor vehicle industry:

- Toyota Kenya
- D.T. Dobie
- CMC
- Marshalls

b) **Decision on what goods and services to produce**

The teacher should lead the learner in discussing the factors that influence the decision on what goods and services to produce.

Examples include:

- **Technology:** New inventions and innovations result in new and improved products.
- **Competition:** A firm should consider whether the existing market can accommodate more firms. Alternatively, whether the resources for production will be available.

c) **Determining the size of the firm**

The teacher should guide the learners in describing the criteria used to determine the size of a firm. Emphasize the scale of production as the basis of determination. For example:

- i) **Input:** A firm that uses a lot of input would be considered large and a firm that uses less input would be considered small.
- ii) **Output:** A firm that has a large output has a large scale of production implying the firm is large in size and vice versa.

d) **Location of a firm**

The teacher should guide the learner in explaining the factors that influence the location of a firm.

Example of the factors:

- Raw materials
- Market
- Infrastructure

e) **Advantages and disadvantages of localization and delocalization of industries**

The teacher should involve the learner in explaining the meaning of localization of industries

- i) Explaining the meaning of localization of industries using relevant examples. Localization is a deliberate concentration of many firms in one area.

- ii) discussing the advantages and disadvantages of delocalization of industries

The teacher should involve the learner in explaining the meaning of delocalization of industries

- i) Explaining the meaning of delocalization of industries.
- ii) Delocalization of industries is the deliberate establishment of firms in different parts of a country. An advantage of delocalization of industries is that it would bring equitable development in a country. A disadvantage of delocalization is that it results in spread of social problems throughout a country.

- d) **Economies and diseconomies of scale.**

The teacher should involve the learner in explaining the meaning of:

- Economies of scale. These are advantages enjoyed by a firm as a result of expansion in size

Examples include:

- Economies of buying.
- Marketing economies
- Managerial economies

The teacher should guide the learner in discussing internal and external economies of scale.

- Diseconomies of scale

These refer to the problems or disadvantages suffered by a firm as a result of over-expanding in size. Example of diseconomies of scale include:-

- Managerial diseconomies: The management would be dealing with a large labour force which would be difficult to manage.

g) Existence of small firms in an economy

The teacher should involve the learner in justifying the reasons for the existence of small firms in an economy. For example:-

- Size of the market: The market could be too small to justify the existence of a large firm.
- The need for quick decision making: Decisions in a small firm are done very fast hence enabling a firm to take advantage of a rising opportunity.
- Limited capital

h) Implication of production activities on environment and community health

The teacher should lead the learner in discussing the implications of production activities on the environment and community health. For example:

Air Pollution: Factories emit poisonous gases into the atmosphere causing the following effects:

- Acid
- Depletion of ozone layer
- Global warming
- Respiratory diseases

i) Maintaining a healthy environment

The teacher should involve the learner in explaining the need for maintaining a healthy environment .For example:

- i) Recycling of the waste product
- ii) Treating the effluents before being discharged
- iii) Conservation of forest

3.0 PRODUCT MARKETS

Specific Objectives

By the end of the topic, the teacher should be able to guide the learner to:-

- a) Explain the meaning of a market
- b) explain the meaning of product market
- c) discuss the features of various types product markets

a) Meaning of a Market

The teacher should involve the learner in explaining the meaning of a market.A market is a set of actual and potential buyers and sellers of a product for a consideration. It can also refer to a place where buyers and sellers meet to carry out transactions.

b) Meaning of a product market

The teacher should guide the learner in explaining the meaning of a product market.

This is a place where goods and services are bought and sold. These may include:

- Monopoly market
- Oligopoly
- duopoly

c) Features of various types of product markets

The teacher should guide the learner in discussing features of each product market.

For example:-

- A perfect competition is a market structure where there are many buyers and many sellers dealing in homogeneous products.
 - There is free entry and free exit in the industry.
 - No single firm can determine the price in the industry as all firms are price takers.

Distribution is the process of moving goods from the point of production to the consumer. It bridges the gap between the producer and the consumer by physically moving the product from where it is produced to where it is needed at the right time and in the quantities the consumer needs. It creates place utility.

- Monopoly
 - This is a market structure where there is a single producer and supplier of a product. In this market the firm is also the industry.

Features of a monopoly include:-

- One seller or producer supplying the whole market with a product without a close substitute.
- Entry into the market is restricted
- Monopolistic Competition
 - This is a market structure with many sellers of similar products but differentiated using branding, packaging, colour, advertising and size etc
- Features of monopolistic competition include:-
 - Products are similar but differentiated
 - Free entry and free exit in the industry
 - Firms set their own prices

• Oligopoly

This is a market structure with a few firms.

Features of oligopoly include:-

- There are few large sellers in the market
- There is interdependence between the firms

The teacher should guide the leaner in explaining the meaning of duopoly, pure oligopoly and differentiated oligopoly.

4.0 CHAIN OF DISTRIBUTION

Specific Objectives

By the end of the topic, the teacher should be able to guide the learner to:-

- a) explain the meaning of distribution
 - b) describe various channels of distribution
 - c) discuss the role of intermediaries in the distribution chain
 - d) discuss the factors which may influence the choice of a distribution channel.
- a) **Meaning of distribution**
 - The teacher should guide the learner in explaining the meaning of the term "distribution".

b) **Channels of distribution**

The teacher should lead the leaner in;

- Explaining the meaning of the term 'Channel of distribution'.
 - Giving relevant examples.
- A channel of distribution is the path that goods follow from the producer until they reach the consumer. Each good or bundle of goods can follow different channels of distribution. For example, the baker can either sell bread directly to the consumer or supply it to retail shops which later sell to the consumers.

- Describing the various channels of distributions

i. producer-consumer

ii. producer-wholesaler-consumer

iii. producer-wholesalers-retailers-consumers

NB. The teacher should emphasize that each channel should start from the producer/manufacturer and end with the consumer. The longer the channel the more costly will be the product.

c) **Intermediaries in the distribution chain**

The teacher should guide the leaner in:-

- Identifying different types of intermediaries in the distribution chain.
- Discussing the roles of the middlemen in the distribution chain.

d) **Choosing a distribution channel**

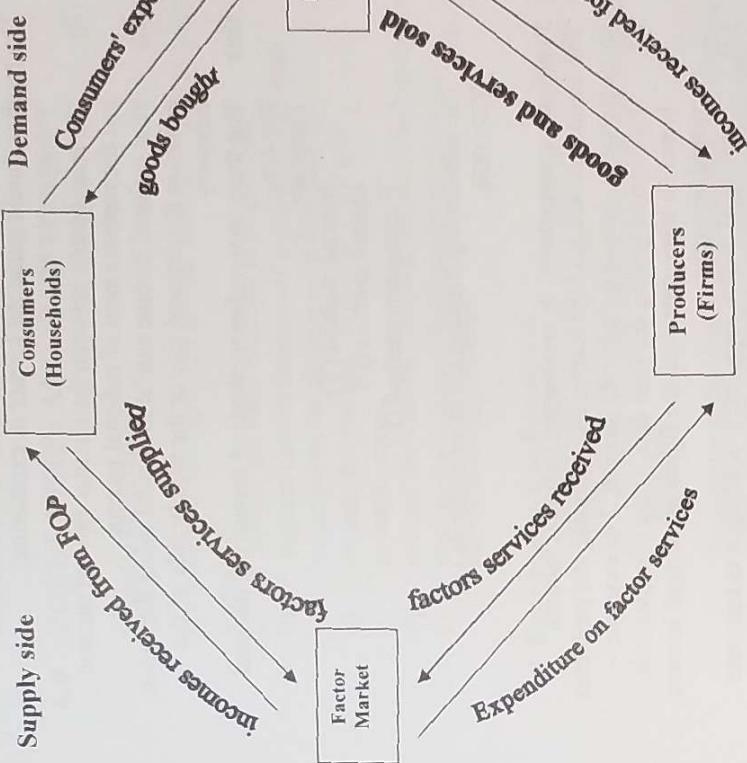
The teacher should involve the learner in discussing the factors to be considered in choosing a distribution channel. Emphasize the circumstances under which each channel will be preferable for the various types of products. Guide learners to generate relevant examples for each factor. One factor is the nature of the product. For example, perishable goods, such as bread require a shorter channel.

5.0 NATIONAL INCOME

Specific Objectives

By the end of the topic, the teacher should be able to guide the learner in:-

- explain the meaning of national income
- describe the circular flow of income
- explain the methods of measuring national income
- explain the problems encountered in measuring national income
- discuss the uses of national income statistics
- discuss the factors that influence the level of national income



a) Meaning of national income

The teacher should guide the learner in explaining the meaning of National income and the terms used .

National income refers to:-

Total incomes received by owners of factors of production or Total expenditure of government, firms and household in a year or Total market value of output in a country over a given period of time, usually one year.

b) Circular flow of national income

The teacher should involve the learner in:-

- describing circular flow of income, prepare the demand and supply sides of the economy for the learners to observe how flow of income is represented
- describing national income as a measure of value of goods and services that arises from production activities.
- illustrating that the flow on the demand side of the economy shows flows of output from firms to households through the product markets while the flows on the supply side shows the flows of the factor services from households to the firm through the factor markets. This is illustrated in the diagram below:-

- Guiding the learner in describing the circular flow of income in the three sector and four sector economies through the use of diagrams.
- Guiding the learner in explaining the components that make the injections into and withdrawals from circular flow of income.

while if inappropriate technology is used, the level of national income would be low.

6.0 POPULATION AND EMPLOYMENT

- b) **Methods of measuring national income**
The teacher should guide the learner in explaining:
 - (i) The relationship between the circular flow of income and the measurement of national income.
 - (ii) That national income can be measured using the flows either on the demand side or the supply side of the economy.
 - (iii) The three approaches/methods of measuring national income.

These are:

- Income method (Y)
- Output method (O)
- Expenditure method (E)

- (iv) The relationship between the three methods i.e.
$$Y \equiv O \equiv E$$

c) Problems encountered in measuring national income

The teacher should lead the learner in explaining the problems encountered in measuring national income. For example:-

- (i) Problem of getting accurate data. If the circulation is based on inaccurate data, the figure of national income would be wrong.
- (ii) Problem of double payment, it is difficult to compute the proportion of income constituted by transfers.

e) Uses of national income statistics

The teacher should involve the learner in discussing the:

- (i) Uses of national income statistics. For example:
 - It is an indicator of measuring the standards of living. A higher national income indicates higher standards of living and vice versa.
- (ii) Limitations of national income statistics. For example:
 - it does not take into consideration the different tastes, needs and cultures of people.

f) Factors that influence the level of national income

The teacher should guide the learner in discussing the factors that influence the level of national income in a country for example, level of technology. If a country uses appropriate technology, the level of income will increase

By the end of the topic, the teacher should be able to guide the learner to:-

- a) explain the basic concepts in population.
- b) explain the implications of population size and structure on the development of a country.
- c) explain the meaning of employment and unemployment.
- d) discuss the various types and causes of unemployment
- e) discuss the measures that may be taken to solve unemployment problems.

a) Basic concepts in Population

The teacher should guide the learner in explaining:

- (i) The meaning of population
- (ii) The basic concepts in population as outlined in the syllabus.

In explaining the concepts of optimum population, under and over population, emphasize that these concepts are related to the existing resources in the country compared to the size of the population.

b) Implication of Population size and structure on Development

The teacher should guide the learner in:

- (i) explaining the implication of population size on the development of a country. This can be done by analyzing the effects of the following:
 - Under-population
 - Over-population
 - Declining population
- (ii) When analyzing the implication of population structure on the development of a country, start by explaining the meaning of population structure, then explain the effects of:-

- A young population
- An ageing population
- Gender

c) Employment and Unemployment

The teacher should lead the learner in explaining the meaning of employment and unemployment. In explaining these terms, emphasize that employment does not only refer to labour, but to all factors of production.

d) Types and Causes of unemployment

The teacher should involve the learner in discussing

- Types of unemployment, citing relevant examples. For example, seasonal

unemployment occurs due to seasonal variation. During the peak period, there is high demand for labour and during the off-peak season, there is low demand for labour. For example, during the high season for tourists, there is high demand for labour in the hotel industry, but during the low season, there is low demand for labour, thus unemployment levels will be high.

- Causes of unemployment. Relate each cause of unemployment to the type. For example, lack of demand for goods and services may cause frictional unemployment.

e) Solving Unemployment Problems

The teacher should assist the learner in:

- discussing the measures that may be taken to solve unemployment problem.
- relate some of the measures the Kenya government is adopting to solve unemployment problems. For example, currently the Kenya government has created the youth fund for young people to borrow funds for starting small scale enterprises.

7.0 NET WORTH OF A BUSINESS

Specific Objectives

By the end of the topic, the teacher should be able to guide the learner to:-

- explain the meaning of the terms: assets, liabilities and capital
- derive the book-keeping equation
- prepare a simple balance sheet
- relate the accounting equation to the balance sheet
- explain the meaning of net worth of a business.

a) Meaning of Assets, liabilities and capital

The teacher should guide the leaner in explaining:

- the terms Assets, liabilities and capital giving examples.
 - that resources owned by the business are acquired using money contributed by the owner.
- Assets:** These are resources owned by an individual, a business or any other organization and to which monetary value is attached. The assets can further be divided into fixed assets and current assets.
- Liabilities:** These are debts or financial obligations which are supposed to be fulfilled by the business. They are classified into long-term liabilities and short term liabilities

Capital: This is money or items contributed by the owner of a business. It is also known as owner's equity. It is a special liability in business because the owner and the business are two separate entities.

NB : The teacher should involve the leaner in explaining the classifications of assets and liabilities.

b) Book-keeping equation

The teacher should lead the leaner in explaining the relationship between assets, liabilities and capital. Emphasize that assets are resources of the business which have been acquired using capital and liabilities. The resources should always be equal to the sources of capital, that is, $\text{Assets} = \text{Capital} + \text{Liabilities}$

- c) **Balance sheet**
 The teacher should assist the learner in:-
- explaining the meaning of a balance sheet.
 - A balance sheet is a financial statement showing the assets, capital and liabilities of a business at a particular time.,,
 - explaining the format of a balance sheet the heading must contain the name of the business, the word balance sheet and the date of preparation.
 - preparing a simple balance sheet. It can also be prepared in order of permanency or order of liquidity.
- For example the format given below is prepared using the order of permanency.

Name of the business			
Balance sheet			
Date of preparation			
Assets:			
Fixed Assets	XXX	Capital	XXX
Long term liabilities	XXX		
Current Assets	XXXX	Current liabilities	XXXX
	XXXX		XXXX

NB: The balance has no **debit** and **credit** side because it is not a ledger account

- d) **Relationship between book-keeping equation and balance sheet.**
 The teacher should guide the learner in explaining that the asset side represents the resources which have been acquired in the business and the capital and liabilities represents the sources of funds which have been used to acquire the

resources. The two sides of the balance sheet must always balance as it is in the book-keeping equation where $A = C+L$.

- e) **Net worth of a business**
 The teacher should lead the learner in explaining the networth of a business.
 The net worth of a business is the net contribution of the owner of the business or the net claim by the owner in the business.
 Emphasize that capital represents the networth of the business i.e.
 $C = A-L$.

8.0 BUSINESS TRANSACTIONS

Specific Objectives

By the end of the topic, the teacher should be able to guide the learner to:-

- explain the meaning of a business transaction
- distinguish between cash and credit transaction
- determine the effects of transactions on the balance sheet
- discuss causes of changes in capital
- determine the initial and final capital of a business.

a) Meaning of business transaction

The teacher should guide the leaner in explaining the meaning of business transactions.
 A business transaction is an exchange of goods and services between two or more parties for a consideration (payment).
 For examples; Buying of goods

- b) **Cash and credit transactions**
 The teacher should guide the leaner in distinguishing between the cash transaction and credit transaction.
 Cash transactions involves buying or selling in cash where cash may be in form of notes and coins, cheques, bills of exchange or any other form of payment that is acceptable.

- A credit transaction occurs when the payment for goods and services is done at a later date.
- c) **Effects of transactions on the Balance Sheet**
- (i) The teacher should lead the learner in generating transactions and explaining how each transaction affects the balance sheet items. The effects of a transaction will lead to an increase or decrease in the balance sheet items.
 - (ii) The teacher should guide the learners in preparing a new balance sheet taking into consideration the changes brought about by the effects of the transactions.
- d) **Causes of changes in capital**
- The teacher should involve the learner in discussing the causes of changes in capital. These are profits/losses, additional investment and drawings.
- e) **Initial and Final Capital**
- the teacher should assist the learner in explaining the meaning of initial capital and final capital of a business. Final capital is as a result of changes that have occurred in the initial capital. Use illustrations to determine either the initial or the closing capital.
- k) discuss the various types of ledgers.
- a) **Meaning and purpose of a ledger**
- The teacher should guide the learner in explaining:
 - A ledger is as book of accounts in which all transactions affecting a particular item are recorded.
 - The purpose of a ledger.
- b) **Concept of double entry**
- The teacher should assist the learner in explaining the concept double entry.
 - Every transaction should affect at least two accounts with one effect on the left hand side of the account and the right hand side of another account.
- c) **Meaning and format of a ledger account**
- The teacher should guide the learner in explaining the meaning of the term account.
 - An account is a chronological record of all transactions affecting a particular item.
 - A ledger account is found in a ledger book
 - A ledger account takes a "T" format. The left hand side of the account is called Debit (Dr) and the right hand side is called credit (Cr). Below is a format of a ledger account
- | Name of the account | | |
|---------------------|---------|-------|
| Dr | Cr | |
| Date | Details | Folio |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
- f) **Specific Objectives**
- By the end of the topic, the teacher should be able to guide the learner to-
- a) explain the meaning and purpose of a ledger
 - b) explain the concept of double entry
 - c) explain the meaning and format of a ledger account
 - d) explain the rules of recording business transactions in the ledger accounts
 - e) record business transactions in various ledger accounts
 - f) describe the procedure of balancing a ledger account
 - g) balance off a ledger account
 - h) extract a trial balance from ledger account balance
 - i) explain the purpose and limitations of a trial balance
 - j) classify accounts
- g) **Rules of recording business transactions**
- The teacher should guide the learner in explaining the use of each column item in the ledger account.
- h) **Explanations**
- The teacher should guide the learner in:
 - Explaining the rules of recording business transactions in the ledger account.

- Assets account- debit increase(s) and credit decrease(s)
- Liability accounts -credit increase(s) and debit decrease(s)
- Expenses account- debit increase(s) and credit decrease
- Revenue accounts -credit increase(s) and debit decrease(s)
- Capital accounts- credit (s) and debit decrease(s)

Posting transactions in various ledger accounts as shown

Dr	Assets/Expenses account	Cr
Increases	Decreases	
Dr	Capital/Liabilities/Revenue accounts	Cr
Increases	Decreases	

- In describing and recording transactions relating to the item stock. These are:
- sales account,
 - sales returns account (Return Inwards),
 - Purchases account
 - purchases returns account (Return outwards account).
- e) **Recording business transactions in the ledger accounts**
The teacher should guide the learner in recording business transactions in various ledger accounts.

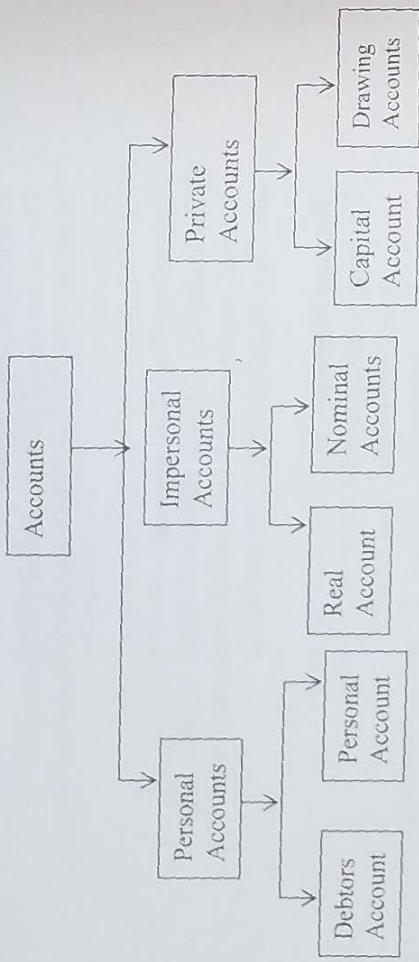
- Assets account- debit increase(s) and credit decrease(s)
 - Liability accounts -credit increase(s) and debit decrease(s)
 - Expenses account- debit increase(s) and credit decrease
 - Revenue accounts -credit increase(s) and debit decrease(s)
 - Capital accounts- credit (s) and debit decrease(s)
- f) **Balancing a ledger account**
The teacher should guide the learner in describing the procedure of balancing of the ledger accounts and explaining its importance.
- g) **Balancing off a ledger account**
The teacher should assist the learner in balancing off a ledger account, emphasizing on the terms balance carried down (bal ^{b/d}) and balance brought down (bal ^{b/d}).

- h) **The trial balance**
The teacher should lead the learner in:
- explaining the term 'trial balance'.
 - A trial balance is a statement prepared at a particular date showing all the debit balances on one column and all the credit balances on the other column.
- NB Emphasize that the trial balance is extracted from the balances of the ledger accounts.
- Transferring the balances from the ledger account to the trial balance.
- i) **Purpose and limitation of a trial balance**
The teacher should guide the learner in explaining the purpose of a trial balance ,which include:-
- A trial balance is used to check the accuracy in the ledger accounts as to whether the rule of double entry has been observed or whether there are arithmetical errors.
 - limitations of a trial balance explaining the errors that affect and those that do not affect the agreement of a trial balance.
- j) **Classification of ledger accounts**
The teacher should involve the learner in classifying accounts into personal, private and impersonal giving relevant examples as follows:

(b) **Basic types of cash books**

The teacher should assist the learner in distinguishing between basic types of cash book. The type of cash book will depend on the number of amounts columns in it. These include:

- Single column cash book. This is a cash book which has one amounts column which is used to record cash and bank receipts and payments.
- In discussing the single column cash book, emphasize that it is like the cash account where we record cash receipts and cash payments.
- Using a simple example illustrate the preparation and balancing of a single column cash book.
- Two/double column cash book. This is a cash book with two amount columns. It is a combination of a cash account and bank account.
- Using a simple example illustrate the preparation and balancing of a two/double column cash book.
- Three column cash book
 - This is cash book which has cash, bank and discount columns on both sides of the account.
 - The discount column on the debit side is for recording the discount allowed to the debtors, while the discount column on the credit side is for recording discount received by the business.
 - Prepare and balance a three column cash book for illustration.



(k) **Types of Ledgers**

The teacher should guide the learner in discussing various types of ledgers which includes:

- Sales ledger (debtors ledger)
- Purchases ledger (creditors ledger)
- Cashbook
- Nominal ledger
- Private ledger
- General ledger

10.0 THE CASH BOOK

Specific Objectives

By the end of the topic, the teacher should be able to guide the learner to:-

- a) explain the meaning and purpose of a cash book
- b) distinguish between the basic types of cash books
- c) explain the term contra entry
- d) prepare the various cash books

Meaning and purpose of a cash book

The teacher should lead the learner in:-

- explaining the meaning of a cash book
- Purpose of a cash book, which includes:
 - i. Showing
 - The opening and closing cash balances
 - The amount of money received in the period
 - Amount of money paid in a period
 - ii. Analyzing the cash flow

(b) **Basic types of cash books**

The teacher should assist the learner in distinguishing between basic types of cash book. The type of cash book will depend on the number of amounts columns in it. These include:

- Single column cash book. This is a cash book which has one amounts column which is used to record cash and bank receipts and payments.
- In discussing the single column cash book, emphasize that it is like the cash account where we record cash receipts and cash payments.
- Using a simple example illustrate the preparation and balancing of a single column cash book.
- Two/double column cash book. This is a cash book with two amount columns. It is a combination of a cash account and bank account.
- Using a simple example illustrate the preparation and balancing of a two/double column cash book.
- Three column cash book
 - This is cash book which has cash, bank and discount columns on both sides of the account.
 - The discount column on the debit side is for recording the discount allowed to the debtors, while the discount column on the credit side is for recording discount received by the business.
 - Prepare and balance a three column cash book for illustration.

c) **Contra-entry**

A contra entry is a transaction that involves cash moving from the cash till to the bank or withdrawing money from the bank for office use. In a contra entry both the debit entry and the credit entry are recorded in the cash book at the same time. For example: Withdrawing cash from bank for office use-debit cash column and credit bank column.

Preparation of the cashbooks

The teacher should involve the leaner in preparing and balancing the various types of cash books.

d) **NB**

- When balancing the three column cash book the discounts columns are never balanced but the total are added up. Credit transactions are never recorded in the cash book.

FORM FOUR

1.0 SOURCE DOCUMENTS AND BOOKS OF ORIGINAL ENTRY

Specific Objectives

By the end of the topic, the teacher should be able to guide the learner to:

- a) explain the meaning of the term source documents
- b) identify the various source documents used to record business transactions.
- c) discuss various books of original entry
- d) explain the meaning of the term journal
- e) record information in the relevant journal from the source documents
- f) post information from journals to the relevant ledger accounts.

• Source Documents

- the teacher should involve the learner in explaining the meaning of term "source document"
- i) Use content on 'documents used in home trade' as the entry point of this topic. Some of these documents provide information that may be used to summarize and record information in the relevant ledgers.
 - ii) Guide the learners to explain the meaning of the term source documents. Source documents are documents which provide the evidence that the information being recorded in the books of account actually took place.

• Different source documents used in recording business transaction.

- The teacher should guide the learner in identifying the various source documents used in recording business transactions.

These source documents include:

- Cash receipts
- Invoice
- Debit note
- Credit note
- Payment vouchers
- Cash sale slips
- Statement of affairs
- Remittance advice note

c) Books of original entry

The teacher should lead the learner in explaining the meaning of term 'book of original entry' other names of book of original entry include subsidiary book, day book, journal or book of prime entry.

They include:

- Sales journal
- Sales return journal
- Purchases journal
- Purchases return journal
- Cash receipt journal
- Cash payment journal

d) The Journal

The teacher should assist the learner in explaining the meaning of term "the journal (General journal or journal proper). The journal is a book of original which is used to record transactions of non routine nature. It records all the transactions that cannot be recorded in other books of original entry. For example:

- Purchase or sale of fixed asset on credit.
- Correcting of error.

e) Recording information in the relevant journals from source documents.

The teacher should cover all the relevant uses of the journal

NB: the teacher should involve the learner in recording transactions in the relevant journal from source documents using appropriate illustrations.

f) **Posting information to the relevant ledger accounts from various journals.**

The teacher should involve the learner in posting information to the relevant ledgers accounts from various journals using appropriate illustrations.

2.0 FINANCIAL STATEMENTS

Specific Objectives

By the end of the topic, the teacher should be able to guide the learner to:-

- a) Identify the various financial statements
- b) explain the importance of each of the financial statements
- c) explain the concept of trading period
- d) prepare simple financial statements
- e) explain the various types of capital
- f) calculate the basic ratios from financial statements
- g) explain the importance of each of the basic financial ratios

a) **Financial Statements**

The teacher should guide the learner in explaining the meaning of financial statements and guide in identifying the basic financial statements. Financial statements are the final accounts which show the performance of a business at a given period of time. These are:

- Trading accounts
- Profit and loss account
- Balance sheet

b) **Trading Period**

The teacher should guide the learner in explaining the meaning of the concept "trading period". It refers to a time frame in which a business undertakes its trading activities. The period usually covers 12 months, though it can cover a shorter period depending on the demand of the business. The trading period is used to evaluate the performance of the business through preparation of financial statements. The trading period is also known as accounting period or financial year.

c) **Importance of Financial Statements**

The teacher should lead the learner in explaining the importance of each financial statement.

i) **Trading Account**

- A trading account is a financial statement prepared by a business to determine the gross profit or loss made from the sale of stock. Stock here refers to goods bought for resale.

If the sales revenue is greater than the cost of goods sold, the difference is gross profit, but if the cost of goods sold is greater than the sales revenue the difference is gross loss.

- some Importance of a Trading Account include

- the business is able to determine the cost of goods sold.
- the business is able to compare its performance over the years.

ii) **Profit and Loss Account**

- This is a financial statement that shows the overall profitability of a business by comparing all the revenues earned with the expenses incurred in a specific trading period.

- If the revenue is more than expenses, the difference is **Net Profit** and if the expenses are more than the revenue generated, then the difference is **Net Loss**.

- Some of the importance of profit and loss account include:

- It helps the business owner to assess the expenses incurred in operating a business in a given period.
- Helps the business to determine its net profit or net loss
- Can be used by the government for taxation purposes.

iii) **The Balance Sheet**

- It is a financial statement showing the financial position of a business at a particular date.
- It displays the value of the assets, Liabilities and capital of a business at a particular date.

- Some of the Importance of a Balance Sheet include:-
 - it can be used to compare the performance of a business over time.
 - it shows the liquidity position of a business.

d) Preparation of financial statements

The teacher should guide the learner in preparing simple financial statements.

• Trading account

the format has two sides, the debit and credit sides.

The credit (CR) side is for recording sales revenue while the Debit (Dr) side is for the cost of goods sold/cost of sales.

- A trading account must have a heading bearing:-

- name of the business
- the words trading account
- the period for which it is being prepared.

- Use illustrations to prepare a trading account showing how a business can make a gross profit or gross loss.

• Profit and Loss Account

The format has two sides, the debit and credit sides.

The credit side (Cr) is for recording the gross profit brought down from the trading account and all other incomes earned by the business e.g. rent income, discounts received. The debit (Dr) side is for recording the expenses incurred by the business such expenses include, transport, insurance, salaries and wages etc.

- The heading should appear as follows:

- Name of the business
- The words profit and loss account
- The period for which it is being prepared.

- Use some illustrations in preparing the profit and loss account showing how a business can make a net profit or a net loss. Provide the learner with opportunities to practice on this content.

• Trading Profit and Loss Account

Provide a comprehensive illustration of the preparation of the Trading profit and loss Account. Provide some exercises on the preparation of the trading profit and loss account.

- Balance Sheet**
 - The format of a balance sheet has two sides, left and right hands sides one side has assets while the other one has capital and liabilities. The balance sheet items should appear in the balance sheet, either in order of permanency or order of liquidity.

Conventionally, the order of permanency is commonly used.

- Show how changes in capital are treated in a balance sheet.
- Provide a comprehensive illustration reflecting changes in capital and arranging the items according to the order of permanency.
- Provide the learner with exercises on preparation of a balance sheet.

NB: The teacher should involve the learner in preparing a combined trading, profit and loss account and a balance sheet using an appropriate illustration

e) Types of Capital

The teacher should assist the learner in explaining various types of capital using illustrations to determine them.: These include:

- working capital
- borrowed capital
- capital owned
- Capital employed

f) Calculation of Basic Ratios From Financial Statements And Their Importance

The teacher should involve the learner in calculating basic ratios from financial statements and explain importance of each. For example:-

- Mark-ups – Gross profit expressed as a percentage of cost of goods sold
This is calculated as: $\frac{\text{Gross profit}}{\text{Cost of goods sold}} \times 100$

The figure obtained enables the owner to:

- Know what proportion of cost of goods sold is earned as profit.
- Determine the price at which the goods would be sold.

(ii) Margin – Gross Profit expressed as a percentage of sales.

This is calculated as:- $\frac{\text{Gross Profit} \times 100}{\text{Sales}}$

- The figure obtained shows the profit made out of the sales.
 - The teacher should involve the learner in demonstrating the relationship between mark-up and margin.

(iii) Current Ratio/Working Capital Ratio
This is calculated as:- $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

- The ratio shows the amount of current assets available to offset the current liabilities of the business.
 - It shows whether the business is solvent or insolvent
 - Current ratio should be expressed as a fraction or ratio.

NB: The teacher should guide the learner in explaining the concept of solvency and insolvency.

(iv) Rate of Stock Turn-over/Stock turn
This shows the number of times the stock is bought and sold in a particular period.

This is calculated as:-

$$\frac{\text{Cost of goods sold}}{\text{Average Stock}}$$

Where:-

$$\text{Average stock} = \frac{\text{opening stock} + \text{closing stock}}{2}$$

The figure obtained is given in number of times. For example 3 times show that stock was bought and sold approximately 3 times during the trading period. The higher the rate of stock-turnover, the higher the sales and the better the performance of the business.

v) **Return on Capital**

This is the net profit expressed as a percentage of capital invested.

This is calculated as:-

$$\frac{\text{Net profit} \times 100}{\text{Capital invested}}$$

The results shows the percentage of capital invested covered by the profit for the period.

Using capital employed, Return on capital can be calculated as follows:-

$$= \frac{\text{Net profit} \times 100}{\text{Capital employed}}$$

Return on capital enables a business to determine the amount of profit made relative to the total resources invested in the business.

- The teacher should provide the learner with adequate illustrations and guide the learner to calculating and interpreting the ratios.

3.0 MONEY AND BANKING

Specific Objectives

By the end of the topic, the teacher should be able to guide the learner to:-

- explain the meaning and limitations of barter trade
- explain the meaning and characteristics of money
- explain the functions of money
- explain demand for and supply of money
- describe the meaning of banking
- describe the development of banking
- explain the functions of commercial banks
- explain the main types of accounts offered by commercial banks
- explain the functions of non-bank financial institution
- distinguish between commercial banks and non-bank financial institutions
- explain the functions of a central bank in an economy
- discuss trends in banking.

a) Meaning and limitations of barter trade

The teacher should guide the learners in explaining :-

- The meaning of barter trade. Barter trade is the exchange of goods and services with other goods and services. Examples should be given.

- The limitations of barter trade. Example of limitation includes lack of double coincidence of wants. It was difficult to get somebody who had what you wanted and needed what you had.

b) Meaning and characteristics of money

The teacher should involve the learner in explaining :-

- The meaning of money.
 - Money is anything generally acceptable as a medium of exchange.
 - The characteristics of money.
- The importance of each characteristic should be emphasized. Examples of characteristics include divisibility. Money should be in different denominations to enable one to settle debts.

c) Functions of money

The teacher should lead the learners in explaining functions of money using relevant examples.

Example of functions include:-

- Medium of exchange - money should be generally accepted as a medium of exchange. All goods and services are exchanged for money and this eliminates the need of double coincidence of wants.

d) Demand for and supply of money

The teacher should guide the learners in explaining:-

- (i) The demand for money emphasizing on the three motives for holding money.

The three motives are:

- Transactional motive
- Precautionary motive
- Speculative motive

- (ii) Supply of money. Emphasize on the total amount of money in circulation and total demand deposit.

e) Meaning of banking

The teacher should assist the learners in explaining meaning of banking giving various examples of banks in the country. Banking refers to all activities carried out by banks and other financial institutions in matters relating to money.

- f) **Development of banking**
The teacher should help the learner in describing development of banking up to the current stage. Show the relationship between development of banking to the evolution of money.

g) Functions of Commercial Banks

The teacher should involve the learner in explaining the functions of commercial banks.

Example of functions:-

- Accepting deposits from the customers. Banks accept to keep cash deposits from customers in the various accounts and the money is made available to the customers when needed.
- Emphasize on how commercial banks participate in credit creation as this has an effect on the money supply in the economy.

h) Types of accounts offered by commercial banks

The teacher should lead the learner in explaining:-

- The main types of accounts offered by commercial banks, these are, saving account, current and fixed deposit account.
- The characteristics of various accounts offered by commercial banks.

i) Functions of non bank financial institutions

The teacher should lead the learners in explaining:-

- The meaning of non-bank financial institutions. Non bank financial institutions are institutions that offer financial services to specific sectors of the economy which banks don't offer adequately. They are not under direct control of Central Bank. E.g. Agricultural finance corporation (AFC), Kenya Industrial Estates (KIE)
- The functions of non-bank financial institutions.

- For example:-They provide capital or long term loans to both existing and new businesses for development.

j) **Distinction between non-bank financial institution and commercial bank**

The teacher should guide the learner in distinguishing between non-bank financial institutions and commercial banks. For example, commercial banks provide finance that is not restricted to particular activity while non-bank financial institutions provide finance for a specific purpose like giving finance for construction of commercial building.

j) **The functions of a central bank in an economy.**

The teacher should involve the learner in explaining:-

- i) The meaning of the central bank. Central Bank is the highest bank in the country which regulates and controls all the financial activities within the economy.
- ii) The functions of Central Bank in an economy .Example issue of currency. It is the only institution that is mandated to issue currency, new notes and coins in the economy.

NB: In discussing the functions of Central Bank as a credit controller, emphasize on the methods used by Central Bank to control credit.

k) **Trends in banking**

The teacher should involve the learner in discussing trends in new trends in banking. For example:

- e-banking
- Automated Teller Machine (ATM)
- Front office services by SACCOs
- Mobile Banking – M-pesa and sokotele. And any other emerging trend

- f) explain the principles of taxation
- g) classify taxes
- h) explain the merits and demerits of each type of tax

a) **Meaning and Purpose of Public Finance**

The teacher should guide the learner in explaining the meaning and purpose of public finance. Public finance deals with how government collects and spends its revenue. The purpose of public finance include:

- redistribution of wealth
- controlling the consumption of certain products
- provision of public goods and services
- Revenue collection

b) **Sources of Public Finance**

The teacher should lead the learner in describing the sources of public finance. They include:

- Internal sources e.g. tax, fines and penalties
- External sources e.g. borrowing and getting grants

c) **Categories of Government Expenditure**

The teacher should involve the learner in explaining the meaning of government expenditure and its categories. Government expenditure refers to spending by the government of the finances it has raised. It's categorized into two.

- i. recurrent expenditure and
- ii. development expenditure

NB: The teacher should guide the learner in explaining the meaning of both recurrent and development expenditure citing relevant examples.

d) **Principles of Government Expenditure**

The teacher should guide the learner in explaining the meaning of principle. Principle refers to a set of guideline or canons or rules that govern an event. Principles of government expenditure refer to the consideration, guidelines or canons that are followed in any government expenditure. They include the following:

- i) Maximum social benefit
- ii) Economy

4.0 PUBLIC FINANCE

Specific Objectives

By the end of the topic, the teacher should be able to guide the learner to;

- a) explain the meaning and purpose of public finance
- b) describe the various sources of public finance
- c) categorize government expenditure
- d) explain the principles of government expenditure
- e) explain the meaning and purpose of taxation

- iii) Sanction
- iv) Equity
- v) Elasticity
- vi) Productivity

NB: Explain the meaning of each of these principles.

e) **Meaning and purpose of Taxation**

The teacher should lead the learner in explaining:

- The meaning of :
- A **tax** -is a compulsory payment imposed on individuals and organizations by the government without the person paying getting a direct benefit.
- **Taxation** -is the process through which the government raises revenue through collection of taxes.

Purpose of taxation. This implies the reasons for imposition of taxes by the government. For example, raising revenue, discourages consumptions of certain products, reducing income inequality, maintaining economic stability among other

f) **Principles of Taxation**

The teacher should involve the learner in explaining the principles of taxation giving relevant examples. These refers to the characteristics or guidelines or conditions which a good tax system should fulfill. They include;

- i) Equality
- ii) Certainty
- iii) Convenience
- iv) Simplicity
- v) Flexibility

g) **Classification of Taxes**

The teacher should guide the learner in classifying taxes and explaining the basis for each classification. The following is a summary of tax classification:

i) **Based on impact**

- Direct taxes e.g. Pay As You Earn (P.A.Y.E), Corporation Tax
- Indirect Taxes e.g. sales tax, Value Added Tax(VAT), custom duty
- ii) **Based on Tax-Base**

Tax base refers to the item upon which taxes are levied.

Tax Base	Tax
• Income	Income Tax
• Selling price	Sales tax
• Exports	Export tax
• Imports	Import tax

- iii) **Based on Tax Rate**
- Tax rate is the percentage of tax imposed on a product.
- Based on tax rates, you have the following types of taxes:-
- Progressive tax – a tax where the rate increases with the tax base e.g. income tax.
 - Proportional tax – where the rate remains constant irrespective of the changes in the tax base
 - Regressive Tax – is a tax system where the rate of tax payable falls as the tax base increases. The burden of the tax falls more heavily on low income earners than on the high income earners.
- h) Merit and Demerits of Each type of Tax**
- The teacher should guide the learner in explaining the merits and demerits of each type of tax.

5.0 INFLATION

Specific Objectives

- By the end of the topic, the teacher should be able to guide the learner to:-
- a) explain the meaning of inflation
 - b) determine consumer price index
 - c) explain the various types of inflation
 - d) discuss causes of each type of inflation
 - e) explain the levels of inflation
 - f) assess the effects of inflation in an economy
 - g) discuss the methods of controlling inflation.

- a) **Meaning of inflation**
- The teacher should guide the learner in explaining the meaning of inflation.
- Inflation is the general increase in prices of goods and services.

b) Consumer Price Index (CPI)

- The teacher should lead the learner in;
 - explaining the term Consumer Price Index (CPI).
 - Consumer Price Index is the figure that relates prices of consumer commodities for two or more years. It measures the changes in the purchasing power of consumers in the said period.
 - demonstrating the determination of the consumer price index.

$$P_1 = \frac{P_1 \times 100}{P_0}$$

Where P_1 = Price in the current year
 P_0 = Price in the base year

The above formula is for a single commodity in the economy. To calculate the CPI for many commodities in the economy quantity purchased must be included.

$$CPI = \frac{\sum P_1 Q_0}{\sum P_0 Q_0}$$

Where P_1 = prices in the current year
 Q_0 = Quantity purchased
 P_0 = Price in the base year

c) Types of inflation

- The teacher should assist the learner in explaining the various types of inflation. For example.
- Demand pull
 - Cost – push
 - Imported inflation

d) Causes of Inflation

- The teacher should involve the learner in discussing the causes of each type of inflation. For example,
- Demand pull: This is a type of inflation caused by excessive demand for goods and services resulting in increase in prices. Example of causes of demand – pull inflation is an increase in government expenditure. This would result in too much money in circulation chasing very few goods in the economy leading to inflation. Alternatively, if the government decreases expenditure, there would be less money in circulation resulting in reduced inflation.

e) Levels of Inflation

- The teacher should guide the learner in explaining the levels of inflation. The level of inflation is pegged on severity of the inflation in the economy. Example of levels of inflation:
 - Hyper-inflation/run away inflation
 - Galloping/Persistent/Rapid
 - Creeping/moderate/mild
 - Stagflation

f) Effect of inflation in an economy:

- The teacher should lead the learner in assessing the negative and positive effects of inflation in an economy. For example:-
- Positive effect
 - Mild inflation may stimulate expansion of businesses resulting into economic growth.
 - Negative effect
 - It results in loss of money value leading to increase in prices of goods and services.

g) Controlling Inflation

- The teacher should involve the learner in discussing the methods of controlling inflation. For example, Increase in taxes will result into decrease in the income of consumers leading to reduced purchasing power. This will subsequently lead to a decrease in the level of aggregate demand. The fall in aggregate demand results in decrease in the prices of goods and services as supply exceeds demand.

6.0 INTERNATIONAL TRADE

Specific Objectives

- By the end of the topic, the teacher should be able to guide the learner to:-
- a) explain the meaning of international trade
 - b) explain the advantages and disadvantages of international trade
 - c) discuss terms of trade, balance of trade and balance of payments
 - d) discuss the causes of balance of payments disequilibrium
 - e) discuss the measures that may be taken to correct the balance of payment disequilibrium

- f) explain the terms of sale in international trade
- g) describe the documents used in international trade
- h) discuss the role of international financial institutions in international trade
- i) describe the various forms of economic integration
- j) recognize the importance of economic integration to a country
- k) explain the advantages and disadvantages of free trade
- l) explain the reasons for trade restrictions
- m) discuss the methods of trade restriction
- n) discuss the advantages and disadvantages of trade restriction
- o) discuss trends in international trade.
- a) **Meaning of international trade:**
The teacher should guide the leaner in explaining the meaning of international trade using relevant examples. This is trade that is carried outside the boundaries of a country. It can be classified into:
- Bilateral- trade between two countries. For example trade between Kenya and Uganda
 - multilateral –trade among more than two countries.
 - For example trade between Kenya, Uganda and Britain
- b) **Advantages and disadvantages of international trade.**
The teacher should involve the leaner in explaining the advantages and disadvantages of international trade.
- Advantage of international trade may include: A country obtains what she does not produce resulting to improved standard of living.
 - Disadvantages of international trade may include: Importation of harmful products like drugs and phonographic literature which erodes the moral and health standards of the citizens.
- c) **Terms of trade, balance of trade and balance of payment**
The teacher should involve the leaner in discussing:
- **Terms of trade**
This is the ratio of export's price index to import price index.
- Terms of trade =
$$\frac{\text{Price index of exports}}{\text{Price index of imports}}$$
- d) **Balance of payment disequilibrium**
The teacher should involve the leaner in:
- Explaining the meaning of balance of payment disequilibrium. emphasize that balance of payments would be in disequilibrium in both states of favourable and unfavourable.
 - discussing causes of balance of payment disequilibrium . Which include:
 - Nature of exports: Manufactured goods fetch better prices in the world market as compared to primary products. Developing countries export primary products and import manufactured goods. This results in payment of imports exceeding receipts from exports leading to unfavourable balances of payments and vice versa.
- e) **Correcting balance of payment disequilibrium**
The teacher should lead the leaner in discussing measures that may be taken to correct the balance of payments disequilibrium. For example, export promotion can be done through aggressive marketing of available products in foreign markets and diversifying into new markets. If the volume of exports has increased, balance of payments disequilibrium will be corrected.

f) Terms of sale in International trade

The teacher should help the leaner in explaining Terms of Sale in international trade. Terms of Sale refer to price quotations which indicate the expenses incurred or to be incurred by the exporter and those to be incurred by the importer. For example:- Cost, Insurance and Freight (CIF) – this means that the price quoted includes the cost of the goods as well as insurance and shipping charges.

g) Documents used in International trade

The teacher should involve the leaner in describing the documents used in International trade citing their uses. For example:-

- Certificate of origin: This is a document in which the exporter makes a declaration about the origin of the goods. It is used to determine whether the goods should be given preferential treatment on duties.

h) International financial institutions

The teacher should guide the leaner in discussing the role of international financial institution in international trade.

For example:-

- a) International Monetary Fund (IMF)
- b) Africa Development Bank (ADB)
- c) International Bank for Reconstruction and Development (World Bank)

NB: The teacher should guide the leaner in discussing functions, advantages and disadvantages of each international financial institutions.

i) Forms of economic integration

- The teacher should involve the leaner in :
- Explaining the meaning of economic integration. This is the establishment of economic agreements among countries for the purpose of trade.
 - Describing forms of economic integration using relevant examples. These are:

- Free Trade Area
- Customs Union

- Common Market
 - Economic Union
- NB:** Emphasize the characteristics of each form of economic integration.

j) Importance of economic integration to a country

The teacher should lead the leaner in recognizing the importance of economic integration to a country. For example:- expansion of geographical markets for locally produced goods. This expansion will lead to increase in production making the producer to enjoy economies of scale.

NB: Limitations of economic integration should also be discussed.

k) Advantages and disadvantages of free trade

The teacher should assist the leaner in explaining:

- the meaning of free trade. These are trade is an international trade without government restrictions on exports and imports.
- the advantages and disadvantages of free trade using example.

For example of,

-advantages of free trade are that it allows competition which leads to quality and cheaper goods.

- Disadvantages of free trade is that it may lead to unemployment when citizens prefer imported goods.
This will lead to low demand and eventually retrenchment of local labour.

l) Reasons for trade restriction

The teacher should involve the leaner in explaining:

- Meaning of trade restriction. Trade restriction refers to barriers imposed by countries to control free trade.
- The reasons for trade restriction. For example: To protect local infant industries /new industries, should be given an opportunity to establish themselves before being exposed to International competition.

m) Methods of trade restriction

The teacher should lead the leaner in discussing the methods of trade restriction. Examples may include:-

- Total ban: This is complete restriction of entry of goods into a country due to economic reasons.

- Embargo: These are sanctions imposed on a country to forbid imports and exports for political and social reasons among others.

Advantages and disadvantages of trade restriction

The teacher should involve the learner in discussing the advantages and disadvantages of trade restrictions.

Example of

- advantages: Correction of unfavourable balance of payment.
Unfavourable balance of payment occur when payments for visible and invisible imports is more than the receipts from visible and invisible exports. Through trade restriction, there would be fewer imports and therefore less payments resulting in correction of unfavourable balance of payment.
- disadvantages of trade restriction. Production of inferior goods by local industries as a result of lack of competition.

Trends in International trade

The teacher should lead the leaner in discussing the trends in international trade. For example

- E-Commerce: This is the buying and selling of goods on the Internet, especially the World Wide Web (WWW). It is also referred to as E-business
- Liberalization
- Export processing zone (EPZ)
- globalization

Example of advantages of e-commerce includes:-

- It enables one to acquire goods and services without travelling.
- Example of a disadvantage includes:-

E-commerce can only be used by people who have access to the internet.

In discussing trends, explain the meaning, advantages and disadvantage of each trend.

NB: Emphasize the meaning, advantages and disadvantages of each trend.

ECONOMIC DEVELOPMENT AND PLANNING

7.0

Specific Objectives

By the end of the topic, the teacher should be able to guide the learner to:-

- a) distinguish between economic growth and economic development
- b) discuss the characteristics of under-development
- c) explain the goals of development
- d) discuss the factors which may hinder development
- e) explain the meaning of development planning
- f) recognize the need for development planning
- g) discuss problems encountered in development Planning.

(a) Economic growth and Economic Development

The teacher should guide the leaner in distinguishing between economic growth and economic development giving relevant examples.

Economic growth is the expansion or increase in the total productivity of an economy e.g. where there is an increase in agricultural and industrial output. Economic development is the transformation of the economy socially, economically and politically. For example, society changes from low levels of living to high standards of living, shifting from agriculture to manufacturing sector, improvement in technology, reduction of illiteracy and political democratization.

(b) Characteristics of Under-development

The teacher should involve the leaner in:-

- discussing the characteristics of under-development. They may include:
 - (i) high poverty levels
 - (ii) high population growth rate
 - (iii) low levels of savings and investments

- explaining how these factors hinder the development of a country. The vicious cycle of poverty should also be described.

(c) **Goals of Development**
The teacher should lead the leaner in explaining the goals of development. These may include:

- poverty alleviation
- creation of employment
- eradication of diseases

NB: Link the goals of development to characteristics of underdevelopment. For example; creation of employment is a goal of development while high levels of unemployment is characteristic of underdevelopment.

- Emphasize on policies that should be put in place to achieve these goals.

(d) **Factors which may hinder development**

The teacher should involve the leaner in discussing factors which may hinder development. For example, rapid population growth rate: if the population is increasing at a faster rate than economic growth rate, a country may not achieve the goal of poverty alleviation.

(e) **Meaning of Development Planning**

The teacher should lead the leaner in explaining the meaning of development planning. Development planning is a process through which the government produces a plan outlining targets and strategies to achieve within a given period of time. The period can be short-term, medium term or long term.

Plans can be either partial or comprehensive. Partial plans are those plans that cover only a certain sector of the economy while a comprehensive plan covers all the sectors of the economy e.g. Vision 2030 in Kenya.

(f) **Need for Development Planning**

The teacher should assist the leaner in recognizing the need for development planning, focusing on the reasons why development planning is necessary. For example: “Stimulation of effort”-when planning objectives and targets are set which will make people work to achieve the desired

- objectives and targets. For instance, the government can set agricultural output targets to be achieved within a certain period. This will motivate the relevant stakeholders to direct their efforts towards achieving the set target.

(g) **Problems encountered in Development Planning**
The teacher should guide the leaner in discussing problems encountered in development planning. These may include:

- Problems encountered at the planning stage, for example, lack of accurate data and lack of qualified personnel.
- Problems at the implementation stage, for example, lack of resources, failure to involve stakeholders and bureaucracy.

TEACHING AND LEARNING RESOURCES

Resources are important in the teaching/learning process as they aid or facilitate learning.

Types of Resources

The different types of resources available to the teacher include print and on-print resources.

Print resources

These include: text books, teachers' guides/hand books, charts, maps, teachers' notes, photographs/pictures, business documents/specimen.

Non - Print Resources

These include:

- Educational radio programmes
- Video programmes
- Compact discs (CDS)programmes
- Magnetic tapes
- Films

Other Resources include:

Chalk board/chalks

Relevant business environment

Resource persons

Realia

Sourcing for Resources

The Kenya Institute of Education is the national curriculum development and education research centre where the following curriculum support materials can be sourced

- Hand books and charts
- Syllabuses
- Radio programmes
- Video programmes
- CD programmes

Other sources of resources include:

- Publishers and book sellers
- Libraries

- News paper vendors
- Resource persons from relevant business organizations
- Immediate business environment

Teachers should note that sourcing of resources requires a lot of creativity and innovativeness. Where the actual resource is not available, the teacher is advised to improvise

Maintenance of Resources

Maintenance refers to proper use and handling of resources for sustainability. Resources should be handled with care for the following reasons:

- To minimize costs involved in replacing resources
- In order to use the resources for a longer period of time
- For faster/easier retrieval

Resources can be maintained through storage, for example in libraries, disk racks and audio cassette racks.

When using any resource, it is important that the teacher knows when and how to use the resource. They should also note that frequent use of some resources ensures that they remain in working condition

Importance of teaching and learning resources

- Stimulates learners imagination
- Enhance memory of what is learnt
- Arouse learners interest in learning
- Enhance the understanding of concepts being taught
- Save time used to explain a concept
- Enhance development of skills by learners
- Enables the teacher to cater for individual differences
- Provide an effective substitute for direct contact of the learners with social and physical environment.

ASSESSMENT

The process of determining whether the instructional objectives have been achieved is referred to as educational assessment. Teaching should be done with specific objectives in mind. This means that facilitators or content should address specific objectives. Likewise, teachers should be able to develop their own tests based on the general and specific objectives of the subject. The learners' performance in the tests will guide the teacher in assessing whether the objectives have been achieved.

The specific objectives also guide the teacher on the mode of assessment of the content. The tests developed should cover all learning domains; -Psychomotor, cognitive and effective domain. The various testing levels such as knowledge, comprehension, application, analysis, synthesis and evaluation should be considered. Institutions are encouraged to come up with their own assessment policies and standards. Such policies should aim at strengthening the ability of the teacher in developing assessment instruments. Teachers should realize that some of the assessments borrowed or purchased may be inappropriate or faulty. Therefore this practice should be discouraged.

Importance of Assessment

Assessment is important since it helps the teacher to:

- Determine whether the learning has taken place based on the set objectives
- Find out whether principles and concepts have been mastered
- Make the learners study more deeply and widely
- Make the learners revise the content covered
- Determine the learners entry behavior so that effective planning in teaching can be done
- Find out whether he/she has been effective in the teaching process
- Determine the level of mastery for each topic to facilitate effective teaching
- Serve as a basis for selection of learners into the next stage of learning

This handbook addresses the following aspects of assessment:

Methods of Assessment

Quizzes

- It is a short and brief assessment method meant to evaluate whether a particular concept has been understood
- Learners take a relatively short time to sit for the quizzes
- It does not cover wide content
- It is not usually programmed and mostly helps to link the knowledge learnt and the lesson to be taught
- It is used to recall learnt knowledge

Tests

- Are meant to evaluate whether several concepts have been understood. The coverage of concepts to be tested is wider than in quizzes
- Tests are more programmed and can be administered weekly, after a fort night or after a month. If the tests are administered regularly, they are referred to as continuous assessment tests.
- Learners take a relatively longer time to sit for tests.

Exercises

- This refers to work given to the learner regularly. The exercises may be given after a topic, lesson or after completing a chapter.
- Exercises are meant to help the learner internalize concepts through applying or practicing what has been taught
- The exercises can be done in the classroom or can be taken as homework.

Examinations

- They may be administered in the middle of the term, end of the term, middle of the year or end of the year.
 - They cover a much broader area of topics
 - They take a relatively longer sitting time to work out the questions
 - Work relating to various levels of testing is included
- Assessment project**
- They test whether learners have mastered certain concepts and are able to apply them in real life situations

- The project may involve only specified topics

Observations

- It involves watching and evaluating changes in the behavior of learners over a given period of time. The observer may have an observation scheduled and a catalogue of behavior that should be seen to have been acquired.
- The behavior change should be watched in the natural environment so that the learner is not aware that they are being observed.
- A record of observable behavior should be made. Some of the observable behavior may include facial expression and response.
- This method is used to assess attitudinal changes. Attitude refers to one's opinion or feelings about certain things. Attitude is reflected by what or how somebody does some activity.

Criteria for Good Assessment

A good assessment instrument should fulfil the following conditions:

- Consistency - tests should discriminate between different levels of learner's ability.
- Comprehensiveness - tests should cover all domains and levels of testing
- Validity - they should be relevant to the syllabus and the level of the learners
- Reliability - this refers to whether the same results would be obtained if marked by different teachers/examiners

Construction of assessment instruments

When constructing assessment items, the teacher should:

- Decide on the purpose of the test and identify statements of testable objectives
- Set up a table of specification, based on the weighing for each topic
- Write the test questions using the table of specification
- Review the test items preferably by getting another experienced member of staff (moderator) to go over them.
- Ensure that there are no open ended questions
- Match the questions to the learner's experience and achievements

- Eliminate ambiguity in the questions
- Authenticity - test items should not be lifted from texts or anywhere else

Keeping records of assessment

When keeping records of assessment, teachers should consider the following:

- Marks should be recorded indicating the weighting and the dates the assessment was given.
- All the continuous assessment tests marks should be recorded and an average final mark for the term obtained.
- The continuous assessment tests should be accounted for in the end of the term exams
- Records kept should include totals, mean score, mean grades and standard deviation.
- Assessment results should be kept on continuous bases until the cycle is complete.

There are other assessment records such as end of term reports, marks book and the file for keeping KCSE examinations results for all subjects.

The following is a proposed format for an assessment record.

Proposed Format for Assessment Record

Students No	Name	1 st Term	2 nd Term			3 rd Term			
			1 st	2 nd	3 rd	Average	End term exam 70%	Total 100%	Grade

Meaningful reports on assessment results

A report on assessment administered is required so that the learner can take corrective action. The report should therefore be clear, specific and should not demoralize the learner. It should also be meaningful reflecting the capabilities of the student.

- The learner should be able to interpret the report and act accordingly.
- Ambiguous comments such as 'pull up your socks,' 'fair,' /satisfactory,' 'poor,' /weak,' should be avoided as they are not detailed enough to reflect the performance of the student
- Comments such as 'put more effort' and 'aim higher' are acceptable as they can be understood by the learner.

TIME MANAGEMENT

Business studies subject has been allocated 3 periods a week in form I and II, and 4 periods per week in form III and IV. Distribution of time across the various topics has been proposed in the syllabus.

The teacher should, however feel free to make any relevant changes where need be though such changes should not over stretch the time allocated for each topic.

NB: Prudent time management is crucial for proper coverage of the syllabus. The rule is facilitate the learning of only what is in the syllabus.