



# GENERAL BUSINESS EDUCATION

Teacher Guide

Grade 12



FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA  
MINISTRY OF EDUCATION

# GENERAL BUSINESS

## **Grade 12**

### **Teacher Guide**

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## Foreword

Education and development are closely related endeavours. This is the main reason why it is said that education is the key instrument in Ethiopia's development. The fast and globalised world we now live in requires new knowledge, skills, attitudes and values on the part of each individual. It is with this objective that the curriculum, which is a reflection of a country's education system, must be responsive to changing conditions.

It is more than fifteen years since Ethiopia launched and implemented the *Education and Training Policy*. Since then our country has made remarkable progress in terms of access, equity and relevance. Vigorous efforts also have been made, and continue to be made, to improve the quality of education.

To continue this progress, the Ministry of Education has developed a Framework for Curriculum Development. The Framework covers all pre-primary, primary, general secondary and preparatory subjects and grades. It aims to reinforce the basic tenets and principles outlined in the *Education and Training Policy*, and provides guidance on the preparation of all subsequent curriculum materials – including this teacher guide and the student textbooks that come with it – to be based on active-learning methods and a competency-based approach.

Publication of a new Framework and revised textbooks and teacher guides are not the sole solution to improving the quality of education in any country. Continued improvement calls for the efforts of all stakeholders. The teacher's role must become more flexible ranging from lecturer to motivator, guide and facilitator. To assist this, teachers have been given, and will continue to receive, training on the strategies suggested in the Framework and in this teacher guide.

Teachers are urged read this guide carefully and to support their students by putting into action the strategies and activities suggested in it. The guide includes possible answers for the review questions at the end of each unit in the student textbook, but these answers should not bar the students from looking for alternative answers. What is required is that the students are able to come up with, and explain knowledgeably, their own possible answers to the questions in the textbook.

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## **Introduction**

This teacher's guide for General Business Education is to accompany the student's text book on same. It is prepared on the basis of the structure of the textbook for students. The student textbook has four chapters; namely marketing, business communication, trade and business records (bookkeeping) and accounting.

The units covered in this text book are modules which can stand independently as they deal entirely with different areas of business operations. This by itself has advantages of achieving required competencies in each unit without demanding transferability of competencies from one unit to another. In case some students fail to achieve competencies in one unit, they can achieve the competencies in other units without facing serious problems.

On the other hand, for students of grade 12 level, the topics in each unit may not have objectives beyond familiarization of learners in some functions of business operations. Two of the four chapters are fields of specializations at all levels of tertiary education. However, they have the power to create some interest in their career choices of learners when they join universities.

The text book is prepared with the objectives of accomplishing students' competencies stated in the syllabus. Teachers are expected to make sure that the objectives in each unit are achieved by asking students the questions stated under each activity after each major lesson as well as using the general questions raised in this guide.

The possible challenges of teaching this course are low level of marketing practices in Ethiopia and the physical barriers for students outside major cities to have access to the practices. The

space limit did not give sufficient freedom to the author to include sample documents for some concepts in chapter three. The chapter on accounting may require time to acquire the basic skills and comprehend the new concepts posing another challenge to teaching the unit. The English language skill may be another challenge in some areas.

To make teaching effective, the teachers can use specimen documents for some units as required, flip charts, worksheet, review questions, periodic tests and mock examinations to enable students achieve the required competencies. Focusing only on the traditional lecture methods may not be effective in some areas as the English language competencies of students are questionable. For assessing the classroom, you may use a new and innovative approach known as **classroom assessment** which is explained here below:

**Classroom Assessment** involves student and teachers in the continuous monitoring of students' learning. It provides teachers with feedback about their effectiveness as teachers, and it gives students a measure of their progress as learners. This approach has the following characteristics:

- **Learner-Centered:** Classroom Assessment focuses the primary attention of teachers and students on observing and improving learning, rather than on observing and improving teaching. Classroom Assessment can provide information to guide teachers and students in making adjustments to improve learning.
- **Teacher-Directed:** Classroom Assessment respects the autonomy, academic freedom, and professional judgment of teacher. The individual teacher decides what to assess, how to

assess, and how to respond to the information gained through the assessment.

- **Mutually Beneficial:** Because it is focused on learning, Classroom Assessment requires the active participation of students. By cooperating in assessment, students reinforce their grasp of the materials and strengthen their own skills at self-assessment. Their motivation is increased when they realize that teachers are interested in their success as learners. Sharpen your teaching focus by continually asking three questions: "What are the essential skills and knowledge I am trying to Teach?" "How can I find out whether students are learning them?" "How can I help students learn better?" As teachers work closely with students to answer these questions, they improve their teaching skills and gain new insights.
- **Formative:** Classroom Assessment's purpose is to improve the quality of student learning, not to provide evidence for evaluating or grading students.
- **Context-Specific:** Classroom Assessments have to respond to the particular needs and characteristics of the teachers, students, and disciplines to which they are applied. What works well in one class will not necessarily work in another.
- **Ongoing:** Classroom Assessment is an ongoing process, best thought of as the creating and maintenance of a classroom "feedback loop."
- **Rooted in Good Teaching Practice:** Classroom Assessment is an attempt to build on existing good practice by making feedback on students' learning more systematic, more flexible, and more effective. Teachers already ask questions, react to



students' questions, monitor body language and facial expressions, read homework and tests, and so on.

### ***Notes on Common and Relevant Teaching Methods***

There are a number of teaching methods but most of them can be used only at a University level or short term training sessions for adult learners. The following are the ones that can be used at the preparatory level. Each method has its own strengths and weaknesses and it is up to the teacher to decide the appropriate one based on the specific situation.

#### ***1. Lecture***

##### **STRENGTHS:**

- presents factual material in direct, logical manner
- contains experience which inspires
- stimulates thinking to open discussion
- useful for large groups

##### **LIMITATIONS:**

- experts are not always good teachers
- audience is passive
- learning is difficult to gauge
- communication is one way

##### **PREPARATION:**

- needs clear introduction and summary
- needs time and content limit to be effective
- should include examples, anecdotes

#### ***2. Small Group Discussion***

##### **STRENGTHS:**

- allows participation of everyone
- people often more comfortable in small groups

- can reach group consensus

**LIMITATIONS:**

- needs careful thought as to purpose of group
- groups may get side tracked

**PREPARATION:**

- needs to prepare specific tasks or questions for group to answer

**3. *Class Discussion***

**STRENGTHS:**

- pools ideas and experiences from group
- effective after a presentation, film or experience that needs to be analyzed
- allows everyone to participate in an active process

**LIMITATIONS:**

- not practical with more than 20 people
- few people can dominate
- others may not participate
- is time consuming
- can get off the track

**PREPARATION:**

- requires careful planning by teacher to guide discussion
- requires question outline

As stated earlier, it is up to the teacher to use any one or more than one method. But, as stated earlier, the language proficiency of students may be major barrier in the effective use of the teaching methods. This can create frustration of the teacher during the process. However, whatever method you use, make sure that it is effective in the teaching and learning process.

#### ***4. How often to Assess***

Here are some suggestions which may you how often to assess the students.

1. Class activities /class work ; every day[when convenient].
2. Home work/group work; as required.
3. Quizzes; at the end of every one or two sub-topics.
4. Tests ; at the end of every unit.
5. Exams; once or twice in every semester.

# UNIT 1

## MARKETING

**Total Periods: 20**

***Unit outcomes:***

**At the end of this unit, students will be able to:**

- ✓ understand the concepts of marketing and market
- ✓ appreciate and determine marketing functions
- ✓ recognize marketing mix.

***Unit Overview***

Marketing completes the basic mission of an economy by performing basic functions such as selling, buying, transportation, warehousing, financing risk taking etc.

Marketing managers also make decisions on the marketing mix such as product price, place and promotion.

In this unit you will teach basic of marketing. The unit is organized in four lessons:

What is marketing? What is market? Major marketing functions and the marketing mix. Activities after each major lesson are included as check points.

### **Lesson 1.1 what is Marketing?**

**Number of periods: 1 period**

**Unit outcomes of the lesson**

**After completing this lesson, the student will be able to:**

- ✓ define marketing and other basic concepts in marketing.
- ✓ exemplify exchange and transactions
- ✓ differentiate products,
- ✓ identify customer value,
- ✓ estimate customer satisfaction

---

**Lesson Overview**

This lesson defines marketing. The definition for marketing is given in the textbook. The key concepts that constitute marketing are also defined in the textbook. The major emphasis in this lesson should be to enable students understand the basic concepts such as marketing, needs and wants, demand exchange and transaction, product, customer value and customer satisfaction. They are basic foundations for understanding the entire unit.

**Planning ahead**

It may seem that the application of marketing concept in Ethiopia as compared to other developed and developing countries is extremely low. Therefore, you may face the difficulty of localizing the lesson to your surroundings. The experience of students to relate the concepts to their practical life may also be very remote or may be unclear. However, the basic functions of marketing are being performed by all Ethiopian organizations. Organizations buy, sell, transport, finance, assume risk, gather information etc. that are the basic functions of marketing.

**Hints for Teaching**

Before you start to define marketing, you may start by the definition of market which is the topic of the next lesson. You may define market as a place where goods and services are bought and sold. This is what everyone in class may think. But, market is a relationship between buyers and sellers. Also prepare examples to explain the universal application of marketing in all walks of life. It can be applied in the areas of politics, religious organizations, schools, universities, hospitals, the police, NGOs and the like. For example, politicians promote their programs or ideas (product), promote their candidates for election (promotion), ask their members to contribute money (price). You, as a teacher, are marketing the

ideas (product) and trying to satisfy the needs of your students. You can take examples in schools, universities, hospitals and NGOs and explain how they try to satisfy the needs and wants of their clients. What is basic for marketing is identifying the needs and wants of customers/clients and offer them products more effectively and efficiently than competitors. In other words, marketing is not simply selling goods and services as many people may think. Rather, selling is one of the many functions of marketing.

### **Activity**

The activity is designed, as far as possible, to persuade students relate the concepts to their surroundings. But in some cases the activities are recall type because of two basic realities. Firstly, students may face the problems of language fluency to critically think and explain the concepts in their own language at this level. Secondly, the application of marketing in Ethiopia is at its extremely low level given the country's experience under socialism for nearly two decades and the unclear strategy after then. As you and your students observe at your locality, many business people imitate what their neighbors do rather than innovating new products. In other words, they do not start unusual things or ideas (innovation) and they do not consolidate their resources to create share companies or cooperatives that can perform marketing at professional levels.

### **Lesson 1.2 what is market?**

**Number of period: 1 period**

**Unit outcomes of the lesson**

**After completing this lesson, students will be able to**

- define market,
- explain the difference between market and marketing,

## **Overview**

In addition to understanding marketing and its associated concepts, you need to take the market for specific products such as hotel, grocery, and boutique and identify the common components in the given market. The examples help students understand marketing and the basic concepts in it. You should have as many examples as possible from your locality to bring the desired outcome. The outcome of this lesson is to enable students understand the concept of markets and their classifications.

## **Planning ahead**

Students have experiences about market places and market days depending upon their experience in major cities or urban areas in Ethiopia. If you are teaching in rural areas, students know market places in specific days of the week. On the other hand, if you are teaching in major cities such as Addis Ababa, students know about market places such as Merkato. Try to explain market in terms of size as big or small, consumer or industrial markets, government as major markets, institutional markets.

## **Hints for teaching**

Before you may proceed to teaching markets, ask students what marketing is. Make sure that students understand the importance of marketing for economic activities. Then, ask students to define markets in their own words. Also let the students identify what they can get in market such as sellers, buyers, government as tax collector and regulator of the system, etc.

## **Activity**

The activity in this lesson is designed to help students understand markets and the different types of markets. Make sure that students understand that market is not a physical place but simply relationship. Markets are also classified depending upon the major actors in the market itself.

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**Lesson 1.3 Major Marketing Functions****Number of period: 1 period****Unit outcomes of the lesson****After completing this lesson, students will be able to:**

- List and discuss the major marketing functions

The marketing process involves performance of certain basic functions that include: (1) Buying, (2) Selling, (3) Transporting, (4) Storing, (5) Financing, (6) Standardizing and Grading, (7) Risk taking, and (8) Gathering market Information.

In some cases, the above functions can be grouped into three basic functions. Buying and selling constitute functions the exchange functions. Transporting and storing are known as the functions of physical supply. On the other hand, financing, standardizing and grading, risk taking and gathering market information are facilitating functions of marketing. These functions are discussed as separate lessons in the textbook. Activities relating to these and other concepts are designed with the objective of conveying their importance to the economic system of any country.

**Planning ahead**

Before you begin your discussion about the basic functions of marketing, you need to investigate the basic functional areas of an organization. The basic functions of any manufacturing organization are production/operations, marketing and finance. Production function is responsible for transformation of inputs into outputs. Marketing creates demand and serves the customers. The two functions require finance to perform their activities. Finance is responsible for acquisition of funds.

As part of preparation for your class, bring the organizational structure of any business organization from your locality if any or get a typical



functional organization chart from any introductory management book found in the library. You can see the divisions, sections or units of marketing department in the chart. You may not get all the activities under marketing department but under other departments. Remember marketing as a function and marketing as a department may not be identical. Your discussion in the class is concerning marketing as a function. But what you see in the chart is marketing as a department. Organizations may place the marketing functions in other departments instead of putting them under marketing. This may be lack of theoretical know how or they may feel that it is appropriate to place them in that area for organizational efficiency.

### **Hints for teaching**

Before you list and explain the basic functions of marketing, let students attempt to discuss the importance of each function of marketing to satisfy the needs and wants of customers. The discussion should be related to the daily life of students, as students are customers of many organizations in their locality including the immediate cafeteria or the school in which they are learning or the church or mosque they are worshipping their faiths religion.

### **Activity**

For the activity given in this lesson of the textbook, students can take the school as an organization. The school performs most of the marketing functions in ad hoc basis even though there is no as such marketing department. Students can identify student council, cafeteria, transport systems, and even their activities as buyers of the products of the school and the school as seller of its services.

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**Lesson 1.4 the Marketing Mix -Overview****Number of periods: 1****Unit outcomes of the lesson****After completing this lesson, the students will be able to:**

- List and explain the marketing mix (product, price, place/distribution, promotion) at the highest level.

This lesson deals with the elements of the marketing mix in the helicopter's view.. They are: (1) Product, (2) Price, (3) Channels of distribution and (4) Promotion.

Products may be classified as physical goods and services. Physical goods again constitute consumer and industrial goods. The different channels of distribution for consumer and producer goods are discussed in the text. Price is the only element in the marketing mix that generates revenue to an organization. The price determines the revenue and the profit of an organization. The rest represents only cost to an organization. As you can see the structure of the textbook, the place of promotion is very remote to the other elements in the sequence of the discussion. As stated earlier, you can rearrange the sequence of delivery. These days, functions such as transportation, warehousing and marketing intermediaries are physical distribution management.

**Planning ahead**

Before conducting classes, identify the elements of marketing mix and their elements. For example, product elements include product life cycle, branding, packaging, labeling, product warranty and the like. On the other hand, quantity discount, cash discount, payment method, etc., are price components. Wholesaler, retailer, carrier and warehouse are parts of channels of distribution. Promotion consists of advertising, personal

selling, sales promotion and publicity. Try to have some idea how business and non-business organizations set their prices. Answer the basic question of what factors business organizations take into account to set price. How do marketers design their channels? How do marketers communicate to their potential customers? From your examples and lists, students can understand how applicable these concepts are in most organizations.

### **Hints for Teaching**

Your first task is to identify and define the variables under marketing mix. Then, let the students identify the marketing mix of a typical organization they know in their locality. For example, you can ask students what products they did buy in the last six months or any time dimension. Everyone did buy at least pen, pencil, exercise book, books in the last one or two months. The pen, pencil or exercise book are examples of products.

What they pay is the price for the retailer. The retailer is the middleman in the distribution channel. The source of information about the location of the retailer for the product is the media for promotion. You can ask every student to identify the marketing mix of any typical organization that may not necessarily be business organization. Any organization has the marketing mix.

### **Lesson 1.4.1 Product**

**Number of periods: 2**

**Unit outcomes of the lesson**

**After completing this task, students will be able to:**

- Define product,
- List and explain types of products,
- Demonstrate product life cycle,

This topic tries to introduce to students about the product elements. The product elements include quality, features, options, warranties, returns. Products are also classified as specialty, convenience, shopping, unsought business, goods, raw materials, fabricating materials and parts, accessory, operating supplies and installations. The classification of goods has implications for strategies for marketing mix. The other important variable in the marketing mix is the product life cycle. It has a number of implications for strategies to be designed around the marketing mix.

### **Planning ahead**

Before conducting classes try to relate the types of goods around your locality. It is clear that there may be difficulty of identifying types of products from the locality due to limited distribution of manufacturing companies in Ethiopia. You can ask students to give examples of goods after discussion of each type of product.

### **Hints for Teaching**

It is true that students may not forget if you can identify product types of each category in their localities. But, there are limited goods in each locality except in Addis Ababa. Anyways, even using the school as a typical organization, you can identify some of the goods.

### **Activity**

*For the activity concerning Product life cycle and profitability:* The average life cycle of product depends on the nature of the product. For instance, the life cycle of a new model shoe may be one year. The entire length of fashion clothes is only a maximum of one year. But an automobile may stay for about 20 to 30 years only in the maturity stage. Therefore, the length of the life cycle of a product depends upon many factors. For the question in the activity, profit is minimal at the

introduction stage, starts to grow very fast during the growth stage and declines starting from the maturity stage.

### **Lesson 1.4.2 Price**

**Number of periods: 2**

**Unit outcomes of the lesson**

**After completing this lesson, students will be able to:**

- Define price,
- Recognize price and non-price competition,
- Determine pricing objectives,
- List and define different pricing approaches.

Price has a unique feature among the marketing mix. It is the only variable to generate revenue and determines the profitability of the company. It is also affected by a number of factors such as internal and external factors. The decision maker has to know the role of each factor in influencing price decisions.

### **Planning ahead**

Before conducting classes, list the names of prices used in different contexts as stated in the text book. List also variables that can influence the pricing decisions from the managerial perspectives.

### **Hints for Teaching**

Ask your students to define what price is. Ask also the factors that determine the price of products in any organization. Let them identify the factors one by one before you proceed to the discussion.

### **Activities**

There are two activities in this lesson. The answer for the first activity is 5000 units. For the second activity, price is the only marketing mix

element that generates revenue and profit. Students may experience when sellers set prices based on demand and supply or through brokers whatever the buyer is ready to pay. There may not be a single approach for pricing but different ones.

### **Lesson 1.4.3 Place/Distribution**

**Number of periods: 9**

**Unit outcomes of the lesson**

**After completing this lesson, students will be able to:**

- Define place/distribution,
- Demonstrate distribution channel of consumer goods and industrial goods,
- Reason out points for selecting the right channel,
- Describe factors that influence channel decision.
- Identify the role of intermediaries in marketing.

There are a number of channels and channel members to distribute goods to customers. The channel choice depends upon a number of factors such as the nature of goods, financial ability, the availability of middlemen etc. of a company. As a matter of fact, you must emphasize that there is no one best channel of distribution of goods. Make sure that some of the topics under this lesson are middlemen functions such as warehousing and transportation. Warehousing and transportation functions are known as physical supply ones as they deal with move and store activities of marketing functions.

### **Planning ahead**

Before you proceed to teaching, identify some goods as discussed under product. Determine which channel can be appropriate for distributing

goods to the customers. Also list the major factors that will influence channel choice.

### **Hints for Teaching**

Your first task may be to draw the charts showing the distribution of different goods. Ask students why the channel for some goods is long and short for others. Identify one product that requires long channel and another one demanding short channel of distribution. Ask the students about the factors causing such differences.

### **Activities**

***Activity for the number of channels:*** The channels of distribution for consumer and industrial goods are stated in the text material. Both students and the instructor can refer from that.

***Activity for the functions of wholesalers:*** Wholesalers are classified based on many parameters. Regarding the major functions of the wholesalers, you can consult the student textbook from page 19 to 23.

***Activity for the classification of retailers:*** Remember depending where you are teaching in Ethiopia, you may face a difficulty of getting relevant retailers to support your explanation with real world. Because of historical reasons, retailers of different kinds may not be available in your locality. Even in Addis Ababa, we have limited types of retailers let alone outside Addis Ababa.

***Ask student to explain non-store retailing methods:*** It is true that there are different methods of selling products without retail stores. These include direct selling, door-to-door selling, party plans, direct marketing, direct response marketing, telemarketing, television home shopping and automatic vending. However, you must remind your students that even the information technology supported teaching methodology that you are using for some of your courses in the class-room is non-store retaining

method. Also ask students if they know any of the types of non-store retaining methods in their locality.

***For the activity non-store retailing method found in the locality:*** It is true that some of your students may identify door-to-door selling as the commonly practiced method of non-stores method of selling products in Ethiopia.

***Activity for the identification of warehousing functions:*** There may not be well organized warehouses in some of your localities. Even if there are some, managers may not be ready to share their experiences with students. For you as a teacher, the following ones are questions you can advise your students to ask as students.

- Name of the person interviewed:
- Position of the interviewee:
- What are the functions of the warehouse in that organization:
- What are the types of items stored in the warehouse?
- The number of types of items stored in the warehouse.

***For the activity about the mode of transportation:*** Road transport is the very common one in Ethiopia. The reasons are very obvious as what we have is road namely trucks are used for transportation. Remember donkeys, mules and human beings are the major ones in Ethiopia.

### **Lesson 1.4.4 Marketing Promotions**

**Number of periods: 3**

**Unit outcomes of the lesson**

**After completing this lesson, students will be able to:**

- List and explain the promotion mix.

This lesson describes promotion and its major elements. The promotional mix includes (1) Advertising, (2) Personal selling, (3) Publicity and (4) Sales promotion. Relatively speaking, this section has a better level of application in Ethiopia than other marketing mix elements. Give



examples of advertising message from Radio, TV, or Newspaper that you feel students are familiar with. However, the development is very low in Ethiopia.

### **Planning Ahead**

Investigate to what extent business firms in your locality promote their products. Outdoor advertising is becoming popular in major cities. Do you and your students know anyone who advertises in the Ethiopian Television? What do you think is the objective of advertising for that particular firm? Investigate, if possible, why that organization selects the media of advertising? Bring any sample advertising from any media to the class? Is it brief? Write the core message of that advertising in a flipchart or chalkboard. Prepare yourself for possible positive and negative comments about that message. Are they brief and precise or lengthy? Do you think it has a professional touch in writing of the message? If you see the outdoor advertisement messages in major cities, they are lengthy. No one wants to spend too much time in reading such long messages. You can take an example of such messages from the surrounding and show the problems of such advertisements to your students. You can sense the problems of such messages for slow readers of most Ethiopians.

### **Activity**

To explain the difference between newspaper and magazine advertisements, you can mention quality, flexibility, cost, audience, life span, time for reading coverage, timing, space size, involvement of readers as bases for explanation. On the other hand, to explain the difference between TV and Radio advertisements, you can use such variables as mobility, timing, frequency, cost, visual/picture, style, simplicity, target audience, effectiveness, place, image creation, and other dimensions for comparison.

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**ASSESSMENT**

Activity 3 can be used to assess the background and the current knowledge of the students. So motivate the students to do the activity properly and check it.

**Unit Review Questions Answer*****Part I Multiple Choice***

1. d      2. b      3. b      4. d      5. D

***Part II Define and Explain***

- The key terms given in the student textbook are simple to answer for the students. Each of the terms are clearly defined in the body of the textbook.

***Part III***

- Questions 1-13 are simple and the answers are readily available in the student textbook.

***Part IV***

- Motivate and organize the students to visit business organization and to write report about the organization's product pricing approaches and the reason behind for the selected method.

# UNIT 2

## COMMUNICATION

**Total Number of periods: 12**

**Unit outcomes:**

**At the end of this unit, students will be able to:**

- ✓ Recognize concept of communication.
- ✓ Differentiate the various methods of communication.
- ✓ Prepare business letters.

### **Overview of the Unit**

Communication skills (listening, writing and speaking) are extremely important for the employees of organizations. The students cannot acquire the basic skills after learning this unit for just about 12 hours. But this unit helps students appreciate the role of communications in the modern organizations. This unit discusses communications from business perspectives.

The first part deals with definition of the concept, the importance of communication, and process of communication. The second part discusses methods of communication. The third part is about effective formats of business messages. The fourth part addresses business report writing and business reports. The fifth part tries to explain common reports and their headings. Part six is about writing your CV. The final and seventh part deals about preparing for interview. Activities after each part of the major discussions are included as checkpoint to measure the desired outcome.

## **Lesson 2.1 Definition of Communication and Business Communications**

**Number of Periods: 2**

**Unit outcomes of the lesson**

**After learning this lesson, the students will be able to:**

- ✓ Define communication and business communication.
- ✓ Discuss importance of communication.
- ✓ Identify the three methods of communication.

The lesson begins with the conceptual definition of communication. Under this lesson, the importance of communication and process of communication are treated. Graphical model is also given in the student textbook.

### **Planning ahead**

To explain the concept of communication, think of the analogy of human body and blood circulation in our body. Think an organization as human body and the flow of information as flow of blood in the body. But, the communication system enables the information to flow in the body properly. Take the organization chart of your school or any other organization and identify the direction of communication.

### **Hints for teaching**

Before you define communication, let students identify the basic questions that a communicator should raise. You can also ask students to identify the symbols of communication such as numbers, letters, hand signs, etc. This is the starting point for your further discussion. The discussions should revolve around the practical application of communication in the life of students.

## Activities

There are six activities in this lesson and the subtopics under it. Each activity is designed as checkpoint for measuring the required outcome. Hints for the answers of the activities are as shown below.

**Activity 1.** To perform the first activity, you can refer the **WH** questions in the textbook. To be effective communicator, one should constantly ask the basic questions of communication, namely, "Who?", "What?", "Where?", "When?", "Why?", "How?". The questions serve as checkpoints for communication effectiveness.

For the activity that demands **definition of communication** using own words, they can try to define it but the core element of the definition is understanding.

The other **activity** that requires explanation is "**what are the effects of poor communication systems in an organization?**" The effects are many. But to mention few; you can state inefficiency, accident, reduced productivity, confusion, low morale, lack of coordination, managerial dictatorship, resistance, misunderstanding, high cost, conflict and the like. Most organizational problems are caused by poor communication.

To carryout the **activity that requires explanation for the effect of good communication** system in an organization, you can state the following ones. The effects of good communications systems are high productivity, efficiency, proper coordination, proper implementation of plans, democratic management, belongingness of employees, high morale (willingness to work) etc. If students have the chance and the opportunity to refer business communication books, they may state beyond what is stated here in the guide. For this reason, please take time to refer to books on communication.

For the question, “**identify and explain the basic elements of communication process and give examples for each**”, you can refer to the student textbook stated in the diagram for communication process.

The other activity that needs mention is “**What types of feedback do you use when you talk to your friends?**” They can nod their head, ask questions, ask friends to repeat, eye-contact, facial expressions, ask to demonstrate, give examples, etc...

## **Lesson 2.2 Method of Communication/Classification of Communication**

**Number of period: 1**

**Unit outcomes of the lesson**

**After completing this lesson, the students will be able to:**

- ✓ Identify and explain the three methods of communication.

The lesson deals with the classification of communication. The different methods of classification of communication such as by media, by direction and by degree of formality are discussed under separate topics.

### **Planning ahead**

Before conducting classes, list the types of media that we use for communication. Also identify persons at different hierarchies of government administration (such as zone, woreda, kebele etc.) and identify the directions of communication. Identify examples of formal and informal relationships in the classroom or at the school. Now you can classify what you list as indicated in the textbook. As far as possible, relate each and every example and discussion in and around the classroom so that students can see the basic applications. Or you can take the hierarchical relationship of students’ family members such as grandfather, grand mother, father,

mother, sister, elderly brother etc. depending upon the cultural nature of your community.

### **Hints for teaching**

Primarily, list the methods of communication classification in a flipchart or chalkboard including the pyramids of management shown in figure 2.2 of the textbook. Explain how non-verbal communication helps to supplement oral communication.

### **Activities**

There are four activities that serve as checkpoints for the discussion of the lesson. Each of the activities is organized under the major topics of the lesson. The activities are designed to check whether students understand the topics. Hints for answering some of the activities are given as follows:

**Activity 1.** There may be cultural differences among the different tribes and nationalities in non-verbal languages in Ethiopia. But all Ethiopians share common non-verbal languages such as nodding of heads, eye movement, putting arms around shoulders, emotions, and the like. You can "read" the faces of students to see their level of understanding in the classroom discussion.

**Activity 2.** This is the activity that requires explanation regarding the advantages and disadvantages of written communication. The advantages of written communication include preciseness and permanency. On the other hand, the disadvantages include (1) it is time consuming, (2) it may lack clarity; (3) it may not be read by the receiver of the message.

The other **activity** that demands explanation in this lesson is regarding direction of communication at your school. The directions can be upward communication (teacher to director, student to teacher), downward communication (director to teachers,), horizontal communication (teacher to teacher, department head to department head), diagonal communication

(business teacher to English Language Unit leader). Even informal communication is the one that does not have pattern but that exists at your school.

The last **activity** that requires explanation is the concept of **informal and formal channels** of communication. Informal channel has no defined direction, pattern and it is not shown in the organization chart. But formal channels of communications with students and bosses follow formal channels of communication. But students may have informal channels of communication among themselves in small groups formed depending on language, sex, age, study habit of students, etc.

## **Lesson 2.3 Effective Formats of Business Messages**

**Number of periods: 3**

**Unit outcomes of the lesson**

**After learning this lesson, the students will be able to:**

- ✓ Identify the basic parts of business letters.
- ✓ Identify the basic parts of business letters.

In this lesson, different formats or layouts of written messages are discussed. These include business letters, business letter formats, office notes and message forms, memorandum and news releases.

### **Planning ahead**

Identify any letter/memorandum/form letter, message form, etc. from your school. Write your message in flip chart or chalkboard. Also try to secure copy of any news release from any news agency office in your city or town.

### **Hints for teaching**

Before you start teaching, list the types of messages on a flipchart or chalkboard. Let students make distinction between memorandum and



business letters. Ask also students why form letters are common in most organizations. The answers to these questions will serve as background information for classroom discussion. Whatever approach you use, make sure that students can appreciate the applicability of message forms in the surroundings.

### **Activities**

There are a series of activities under each sub-topic in this lesson. The activities are designed to test the ability of students to apply the theory to practical situation. To effectively perform the activities, the following hints are given.

The activity that requires some mention is the one next to topic 2.3.1. Students can easily identify parts of business letter from the sample. However, you are expected to remind students that all the parts of business letter may not be found in their sample.

The **activity** that requires students to identify parts of business letter in the text is very simple. Any student who did read the topic under 2.3.2 can easily perform the activity. On the other hand, the activity that requires students to **compose letter** is explained as follows.

**I would like to inform you that the chalk recently purchased and delivered to us is extremely dusty, highly fragile, and very thin. Therefore, we kindly request you to take the chalk back and replace with better quality one.** This is the body of the letter and the other parts of letter can be prepared using the format in the textbook.

The other **activity** requires students to prepare **memo**. Sample memo is given in the textbook. Ignoring the format, the message can be stated as follows:

**The new curriculum on General Business Education requires us to make the lesson very practical. As a result, I organize a visit to one of the warehouses located 50 kms away from the school. Therefore, I kindly request your office to make the necessary arrangement for transportation services for March 20, 2011 at 9:00 a.m.**

## **Lesson 2.4 Business Report Writing and Business Reports**

**Number of periods: 2**

**Unit outcomes of the lesson**

**After completing this lesson, students will be able to:**

- ✓ Define business report.
- ✓ Distinguish main parts of report.
- ✓ List and explain other common reports and their headings.
- ✓ Prepare meeting, progress and trip reports.

The lesson discusses business reports and their main parts. The importance of business report is highly emphasized. The key parts of the business report are discussed. The parts of business reports can be obtained from the library, student textbooks, reference materials in the library and the like.

### **Planning ahead**

Identify any report from your library or your personal collections. The material could be book, business reports, thesis or periodic report of your school. But make sure that the report has basic components of reports. For application of the concept to the practical reality, identify the main components of the report and their pages for quick identification.

### **Hints for teaching**

Before you start your discussion, ask students whether they read any kind of report before. Let students list the types of reports they read before. Students did, of course, read some business reports but they may not relate it to this topic until you further explain the concept. However, this will help you to test the background of students. Use your business report to explain the different parts of it. Once students grasp the basic components of a report, they can cite their own report and identify its different parts.

### **Activities**

There are two activities after this lesson. The first activity is recall type and students can easily identify the different parts of business report from the student textbook. The objective of this activity is to familiarize students with the different parts of report. The **second activity** is designed to help students identify parts of reports. The whole intent is to show students what they are learning in class is also found around their locality and surroundings.

## **Lesson 2.5 Other Common Reports and their Headings**

**Number of periods: 2**

**Unit outcomes of the lesson**

**After learning this lesson students will be able to:**

- ✓ Prepare meeting, progress and trip reports.

### **Planning ahead**

Try to secure any minutes of meeting from your department, school, teachers' association or any organ from your surroundings. If possible try to get sample progress report of any major project preferably construction project. Also if you have one, retrieve your trip report of your recent

experience. These reports will help you to relate the subject of discussion to the student's surroundings and will enable you to see its features.

### **Hints for teaching**

Before you start discussing this topic, ask students (preferably in group) to bring any copy of short minutes of the student council or any organization from their locality. Ask students to identify the different parts of the minutes. Based on the answers given by students, you can test the background of your students. Otherwise, go to the director's office and see the meeting records. Use the specific types of reports that you secure to explain this topic. Once students are familiar to the basic types of reports, you can expound the concepts by citing different examples.

### **Activity**

There is one activity in this lesson. It is designed to test the students' ability to observe and report to the teacher what they have observed. The report will depend upon their trip. But the basic content will be similar to the format given in the textbook. However, at the end of the trip, students should produce reports. You can select one of the trip reports and give them feedback about the quality of report and suggestions for amendments.

## **Lesson 2.6 Writing Curriculum Vitae**

**Number of periods: 1**

**Unit outcomes of the lesson**

**After learning this lesson, students will be able to:**

- ✓ Identify elements of curriculum vitae.
- ✓ Prepare CV.
- ✓ Write cover letter.

In this lesson, students will learn how to write descriptions of themselves in their curriculum vitae. The lesson also addresses how students will write cover letter and prepare themselves for employment interview.

### **Planning ahead**

Identify the main components of CV. Also bring any sample CV preferably your own (if you do not mind for your privacy) to the class. Write the main components of the CV in a flipchart or chalkboard.

### **Hints for teaching**

Let everyone in the class prepare his/her own CV. However, students usually do not have work experience to write in their CVs. But, they can explain their activities in the different clubs, voluntary services such as in red cross/crescent, literacy campaign, youth association, idir/ekub, non-governmental organizations, kiremt employment, family business and the like. Also ask some students to present their CVs to the class. Other students can give their comments as enrichment. At last give them your feedback regarding the changes to be made in the cv. Ask also them to write cover letter. You may use your own application letter for employment in your life.

### **Activity**

There is one activity with two tasks in this lesson. The objective of the activity is designed to measure the outcome of learning the lesson. Students are expected to write their CVs and compose cover letter. Students can also write CVs using the sample given in the textbook. They can also compose cover letter similar to the one in the textbook. The last part of the activity requires their command of the English language. If English language is the problem of students, you may allow the to write in their own language.

## **Preparing for an Interview**

**Number of period: 1**

**Unit outcomes of the lesson**

**After learning this lesson, students will be able to:**

- ✓ Arrange interview.

In this lesson, students will learn the basics of preparation for interview. During interview, interviewers will try to identify basic qualities from interviewees. The basic objective of this lesson is to teach students about basic preparations for interview.

### **Preparation ahead**

Think of your experience as interviewee or interviewer in your life. If you do not remember, ask one of your colleagues who has some experience with interview. Remember what preparations you have made before interview.

### **Hints for teaching**

Ask students why employers conduct employment interview or what types of qualities are important for employment. These tasks will give you sufficient background for class discussion. As far as possible, try to relate the discussion to the real life of students. Try to identify the types of questions in employment interview. You should help students in preparing interview guide. The interviewees may be those who are better in their language skills.

### **Activity**

There is one activity in the student textbook. At this level, it is difficult to discuss the types of qualities the employers are searching from their employees. But, the preparation can be limited to conservative dressing, identification of address of employers particularly in big cities and as well as timing.

ASSESSMENT you should give home work, class work, and assess the students exercise books. for this purpose, you can use part II of the review questions .

### **Unit Review Questions Answer**

#### ***Part I Multiple Choice***

1. e            2. d            3. b.            4. a.            5. a

#### ***Part II Define and Explain***

- The key terms given in the student textbook are simple to answer for the students. Each of the terms are clearly defined in the body of the textbook.

#### ***Part III***

- Questions 1-12 are simple and the answers are readily available in the student textbook.

#### ***Part IV Group Work***

- Encourage the students to write short note about the communication that exists in the school and facilitate the situations to discuss with the school principal.

# UNIT 3

## TRADE

**Number of periods: 16**

**Unit outcomes:**

**After learning the unit, the students will be able to:**

- ✓ Understand the concept of trade.
- ✓ Recognize the concept of foreign and domestic trade.
- ✓ Realize the necessary conditions to act as a trader.

### **Unit Overview**

The unit is divided into two major groups: domestic and foreign trade. The major emphasis is given to the foreign trade. The foreign trade part consists of eight lessons. They include theories of trade, trade restrictions, nature of foreign trade, procedures for foreign trade, special terminologies, foreign enquiries, foreign terms of payment, customs procedure and method of entering international trade.

The unit begins with the definition of trade. Based on the definition, trade is divided into foreign and domestic trade.

Under the first part, the lesson introduces very briefly inland transactions and the different documents used to facilitate trade. The discussion under this lesson serves as background for the rest of the unit. Part two is about foreign trade and its theoretical bases. The foreign trade part is divided into eight different sub-lessons. The first lesson under foreign trade discusses about absolute and comparative advantages of trade. The second



lesson of foreign trade discusses reasons for trade restrictions and reasons against trade restrictions.

The third lesson of foreign trade explains nature of foreign trade. It discusses the reasons for special procedure in foreign trade. The different documents and special terminologies are discussed in lesson four of foreign trade part. Concepts such as customs duties, non-tariff barriers, transportation documents, insurance policy, certificate of origin, consular invoice, certificate of health, and packing lists are treated.

Lesson five of foreign trade deals with foreign enquiries and quotations. Under this lesson, the different price terms are treated exhaustively.

Lesson six of foreign trade is about foreign terms of payment. In this lesson, different types of payment methods and their inherent problems are treated. Lessons seven and eight of foreign trade addresses customs duty estimation and methods of entering international trade respectively.

The activities and review questions included in the unit can be used to assess the progress of your students as check points.

### **Lesson 3.1 Trade**

**Number of periods: 2**

**Unit outcomes of the lesson**

**After completing this lesson, the students will be able to:**

- ✓ Define trade.
- ✓ List and explain types of trade.
- ✓ Determine persons capable of trade.
- ✓ Mention facilitators of trade.
- ✓ Identify conditions for inland transactions.

The lesson defines trade. The definition for trade is given in the textbook. The classifications of trade as domestic and foreign as well as wholesale

and retail trades are explained very briefly discussed. The summary of inland transactions and the flow of the documents are given in a diagram.

### **Planning ahead**

Relatively speaking, this lesson is closely related to the real life of students. Accordingly, you need to prepare local examples for the discussions. For example, you need to list down the names of the business organizations around your locality. Classify the organizations as wholesalers, retailers, commission agents, exporters, or importers. If you are unable to get sufficient number of business organizations in each category around your locality, consider nationally recognized firms. You should have to relate your discussion to the local realities of students to the possible extent.

### **Hints for teaching**

Before you start to define trade, ask students to define trade, domestic trade, and foreign trade, import trade, and export trade. The answers for the questions will help you to measure the knowledge of students. Use local firms to explain the concepts mentioned above. Once the students have appreciated the concepts, you can expand the concepts to the desired level. However, whatever the approach you use, students should be able to apply their knowledge to practical problem solving.

### **Activities**

There are three activities under this lesson. Each activity is designed to measure the outcome of teaching each topic. Hints for answering activities are as follows. The first activity deals about the difference between enquiry and quotation. The definitions are given in the student text book. You can refer it. The second activity requires students to explain the difference between purchase order and invoice (purchase invoice).

Because of the revision made in this edition of the textbook, the two documents/forms are not stated as figures. However, the definitions are given in the textbook. Students can also obtain formats that can be obtained from local organizations. However, all organizations do not use the same formats.

The third activity demands students to explain the common documents used in domestic transactions. The basic documents are enquiry, quotation, purchase order, purchase invoice and documents of payment. Enquiry is request for information. Quotation is response to enquiry. Purchase order is an order sent by the buyer to the seller asking for the supply of goods. Invoice states the goods packed and the amount of money to be paid for the seller including value added taxes. The documents of payment are many and varied and students can get them from their surroundings.

### **Lesson 3.2 Foreign Trade: Absolute and Comparative advantage; trade restrictions**

**Number of period: 1**

**Unit outcomes of the lesson**

**After completing this lesson, students will be able to:**

- ✓ Explain the meaning of foreign trade and its bases.
- ✓ Discuss reasons for trade restrictions.
- ✓ Explain short term and long term effects of trade restrictions.

The lesson explains further foreign trade as continuation of lesson 3.1. The basic theories of absolute and comparative advantages are discussed. Trade restrictions and reasons for and against trade restrictions are also topics of discussion.

**Planning ahead**

This lesson is highly related to the knowledge of students in the Ethiopian Economy. To have some background for the discussion of this lesson, you may read very briefly the foreign trade part of the Ethiopian Economy in the students' textbook. Investigate why the Ethiopian balance of trade is always negative. Possibly, you can bring some statistical data regarding balance of payments and balance of trade to the class. Find out why Ethiopia's products are not competitive in the international trade. Identify also the major items that Ethiopia exports and imports and write the lists in a flipchart or chalkboard.

**Hints for teaching**

Before you start your class discussion, ask students to answer some questions from their knowledge of the Ethiopian economy. The possible questions can be (1) what are the major items that Ethiopia exports to the world? (2) Why countries encourage exports and discourage imports? Why Ethiopia is not strong competitor in the international trade? The answers to these and other questions will help you to measure the background of students. Now you can expand and expound the discussion to the topics indicated in the textbook in 3.2.1 and 3.2.2. Note that students learn foreign trade in their economics class about general and macro issues. But, in the business class, students learn specific issues at micro level or enterprise level to work specific duties such as processing of documents.

**Activities**

There are five activities in this lesson. The activities are designed to measure the progress of students. Hints for answering the questions are stated as follows: The first activity demands students to explain the concepts of absolute and comparative advantages. The definitions and

explanations for the two theories are given in the textbook. However, to give examples, we can take the case of two products in two countries. Ethiopia exports coffee because the country has absolute advantage. Saudi Arabia has absolute advantage in the production of petroleum products.

The second activity requires explanation regarding the difference between ad valorem and specific methods of levying customs duties. Ad valorem and specific are the two methods of levying import/export taxes. Ad valorem takes the C.I.F value to calculate the customs duties. For instance, assume the C.I.F price of one personal computer is \$1000 at Bole air port. The customs duty will be \$50 or its equivalent Birr assuming 5%. But specific takes the quantity of goods to calculate customs duty. The quantity can be meters, tons, quintals, cubic meter etc. certain goods.

Activity 3 and 4 are simple to answer. But the activity regarding the role of banks in the foreign trade requires some hint to answer the question. Banks serve as place of buying and selling hard currencies. They facilitate transfer of money from Ethiopia to other countries or the vice versa. But all bank branches around your locality may not be authorized by their head office to perform such activities.

### **Lesson 3.2.3 Nature of Foreign Trade**

**Number of periods: 1**

**Unit outcomes of the lesson**

**After completing this lesson, the students will be able to:**

- ✓ Explain the nature of foreign trade and its bases.

This lesson explains the nature of foreign trade. It also identifies reasons for special procedure in foreign trade.

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**Planning ahead**

Visit any importer or exporter, if any, in your locality. Conduct interview to make the distinction between domestic and foreign trade. Tabulate the difference between domestic and foreign trades in terms of law, customs, language, distance, currency, financial requirements and the like.

**Hints for teaching**

Ask students to make distinction between foreign and domestic trades. The expected answers are (1) foreign trade is wholesale trade; (2) foreign trade requires special procedure. Also let students identify the reasons to follow special procedure. Alternatively, students can identify and visit firms in their locality involved in foreign trade. They can report about the exporters/importers regarding the problems of foreign trade. The answers to your questions and the reports of students can be the foundations to proceed to your discussions.

**Activity**

There is only one activity in this lesson. It is designed to measure to what extent students understood the problems of foreign trade. The reasons why exporters/importers follow special procedures are related to differences between two countries in terms of legal, customs, tax systems, risk, distance, language and other related issues. In other words, each country is a sovereign nation.

**Lesson 3.2.4 Documents and Special Terminologies****Number of periods: 4****Unit outcomes of the lesson****After completing this lesson, students will be able to:**

- ✓ Explain the different documents that the importer must receive from the exporter before the shipment arrives;
- ✓ Discuss the meaning and functions of foreign enquiries and quotations.

This lesson discusses the different documents required in the foreign trade to facilitate the special procedures involved. The terminologies and documents include mate's receipt, transportation documents including bill of lading, insurance policy certificate and certificate of origin and others.

### **Planning ahead**

The sample documents are not indicated in the textbook due to space limitations imposed upon the author. However, you can bring the actual documents from importer/exporter organizations around your locality or you can refer the previous version of the student textbook if need be. You may ask your students to bring any specimen documents from different organizations using their own personal access possibility. Tabulate the lists of the different documents and their main purposes or objectives in a flipchart or chalkboard.

### **Hints for teaching**

If you have any, post the specimen documents on the wall of the classroom to the students so that they can see the particulars. Ask students to identify the different documents used in foreign trade. Some students who have some access to foreign trade practices can give interesting and varied answers. Alternatively, invite the teachers in the banking unit of your near TVET School if such training does exist to teach the different documents used in foreign trade. The answers of the students and their observations of the specimen documents can be the bases for your further discussion of the lesson.

### **Activity**

There is one activity in this lesson. The activity is designed to measure the desired outcome. The desired outcome is to enable students identify the

different documents and their purposes. Hints for answering the activities can be stated as follows: Develop a table consisting of serial number, document and purpose. Summarize the answer in the table.

**Table 3.1 Purposes of documents**

No.	Document	Purpose
1.	Mate's Receipt	To acknowledge receipt of the goods on board the ship.
2.	Bill of Lading	Contract of transportation and title of ownership.
3.	Insurance policy	To insure common perils.
4.	Certificate of origin	To give preferential treatment to the goods of friendly countries.
5.	Consular Invoice	To facilitate customs duty calculation.
6.	Certificate of Health	To meet the health regulations of importing countries.
7.	Packing List	To identify the list of goods for dispatch.

### **Lesson 3.2.5 Foreign Inquiries and Quotation**

**Number of periods: 3**

**Unit outcomes of the lesson**

**After completing this lesson, students will be able to:**

- ✓ Discuss the meaning and functions of foreign enquiries and quotations.
- ✓ List and discuss foreign terms of payment.

This lesson is related to domestic inquiries and quotations discussed earlier in this unit. But it is treated once again to see the foreign inquiries and quotations in detail. Exporters can quote their prices at their warehouse, at port of origin, at the port of entry, after payment of customs duties, at the buyer's warehouse or other alternatives. These different price terms are discussed in this part of the lesson.



**Planning ahead**

The author has more than ten years experience in teaching this topic at a college level. Most students face difficulty in understanding the concepts stated in the textbook. You certainly face such difficulty. To explain the concepts without difficulty, bring world map and photographs of two ports to the class. Identify two locations in Ethiopia and any other country such as India that can serve as particular localities of the importer and exporter.

**Hints for teaching**

Let students fill the ports of origin and destination in the textbook that says, "named place of destination" with names of locality and ports. Possibly, bring map of Ethiopia to the class to identify possible places of destination such as Addis Ababa and the like. Now you are in a good position to explain the different concepts using the different teaching aids.

**Activity**

There is one activity under this lesson that requires explanation for the difference between domestic and foreign quotations and purchase orders. Basically, there is no major difference between the two. But, in domestic quotation and purchase orders, both buyers and sellers are governed by the same law, use the same currency, and there could be low risk. In the foreign trade case, there are different problems and requirements. For these reasons, foreign quotations and purchase orders should not give any room for ambiguity in terms of price, terms of delivery, firm period of price, trustworthiness of the exporter and the like. In short, the difference lies in terms of detailed information stated in the documents.

However, if you feel it is essential to carry out more activities here, you can prepare additional ones in this lesson. For example, if the price of one product is stated as \$2000 ex works at Dubai and \$3500 at C.I.F Addis Ababa airport, what is the possible explanation for the difference? Students can identify costs of carriage, insurance, commission for forwarders, bank charge, etc.

### **Lesson 3.2.6 Foreign Terms of Payment**

**Number of periods: 4**

**Unit outcomes of the lesson**

**After completing this lesson, students will be able to;**

- ✓ List and discuss foreign terms of payment.

This lesson discusses the different payment methods in the international trade. The inherent degrees of risk with the payment methods and the procedures with the help of diagram are discussed in this section.

#### **Planning ahead**

If possible visit any exporter/importer and ask him/her about the types of risks that he/she encounters in business. Ask also the types of payment methods that he/she uses. List the answers to your questions in a flipchart or chalkboard. Draw a very simplified diagram of Figure 3.2 in a flipchart or drawing paper if any so that students can understand very easily.

#### **Hints for teaching**

Ask students to explain the different payment methods in the domestic trade. Based on their answers, ask also them whether the payment methods they mentioned can serve in the foreign trade context. The questions can force them to think critically for the payment methods in

foreign trade. By now you can expand and expound the discussions to level required in the lesson.

### **Activities**

There are two activities in this lesson. As usual, they are designed to measure the outcome or the progress of students in learning the lesson. The first activity that requires students to list the five methods of payment are very simple. Students can easily identify the answers from the textbook. The second activity is regarding the role of Banks of in imports/exports. The basic role of National Bank of Ethiopia is to regulate imports/exports. It permits importation of items and allows exporters to get hard currency. The bank also allows exporters to retain part of their hard currency earnings as incentives to export more. In broad, the NBE regulates foreign trade so that the hard currency of the nation can be used wisely and economically to the nation's development endeavor. On the other hand, the role of commercial banks is to facilitate foreign trade by minimizing risk.

### **Lesson 3.2.7 Notes on the Customs Duty Estimation Procedure in Ethiopia**

**Number of period: 1**

**Unit outcomes of the lesson**

**After completing this lesson, students will be able to:**

- ✓ Discuss customs duty estimation procedure in Ethiopia.

This lesson discusses customs duty estimation procedures in Ethiopia. The classifications of goods according to entry regimes are also treated briefly. However, the purpose of the topic is limited to familiarization of students with customs duty estimation procedures in Ethiopia.

### Planning ahead

Visit any importer in your locality. Ask also the importer what types of goods he/she imports in the last six months. What are the percentages of customs duty paid for the different goods? Tabulate at least five types of goods and the rates of customs duties in a flipchart or chalkboard.

### Hints for teaching

Before you start your discussion about the topic, ask students to differentiate excise tax from customs duty. The answers to the question can help you to measure the level of knowledge that students acquired. Based on the level of knowledge, you can expand and expound your discussions to the customs duty estimation procedures in Ethiopia.

### Activity

There is no activity in this lesson. But, you can add one activity such as why some importers under invoice their imports. The activity is designed to create awareness about the problems of under invoicing in imports. Some importers persuade their exporters to reduce invoice to reduce the customs duty payment to the government. To control this problem, the Ethiopian customs Authority maintains database for the price of different goods for many countries. It is also a crime to under invoice goods.

## Lesson 3.8 Methods of Entering International Trade

### Number of periods: 1

#### Unit outcomes of the lesson

#### After completing this lesson, students will be able to:

- ✓ Identify the different methods of entering international trade.

This lesson gives a brief account of the methods of international trade. The methods include licensing, exporting, joint ventures, and other methods.

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**Planning ahead**

You may visit, if possible, any business organization owned by a foreigner in your locality. Find out the method of operating business for the foreigner. Is the organization multinational company such as OILIBYA, MOBIL or TOTAL, HILTON International? Is it operating business in joint venture form? Is it being run under franchising such as the soft drink companies?

**Hints for teaching**

Let students identify the names of business organizations in your locality or in Ethiopia that are known nationally. Ask students why foreign investment in Ethiopia is very low. Why countries encourage foreign investment? The answers to the questions can be the starting point for further discussion. Give local examples if possible in each method of entering international trade.

**Activities**

There are three activities in this lesson. All of the activities require knowledge of foreign trade beyond what is stated in the textbook. Hints for answering the questions are stated as follows: Activity one reads as why there is limited foreign investment in Ethiopia. Foreign investors demand political stability, skilled manpower, good purchasing power, good governance, efficient legal administration etc., which are weak in Ethiopia. In fact, foreign investment is low in all African countries. A limited amount of foreign investment flows to South Africa.

The other activity that requires explanation is related to the basic causes of capital outflow from developing countries. Currently, capital flows from developing countries to developed nations instead of the vice versa. The basic explanations are problems in developing countries such as political

instability, weak purchasing power, very low per capita income, low productivity of labor, undisciplined workforce, mass poverty, inconsistent policies, corruption, inefficient administration, poor legal administration, unpredictable government actions, etc., On the other hand, developed nations are highly favorable for foreign investment.

The third activity requires students to explain the role of international trade to the development of nations. The domestic market for developing countries is weak to create economic development. As a result, many developing countries formulate export-oriented strategies. But developing countries must produce high quality goods at low cost and offer them at competitive prices. Participation at world market is equally important for developed nations as well.

### **ASSESSMENT**

To assess the students you can use the brain storming questions, activities and review questions .

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**Unit Review Questions Answer*****Part I Define and Explain***

- The key terms given in the student textbook are simple to answer for the students. Each of the terms are clearly defined in the body of the textbook.

***Part II***

- Questions 1-9 are simple and the answers are readily available in the student textbook.

***Part III Multiple Choice***

1. d      2. e      3. d      4. d      5. b

***Part IV***

- Motivate and organize the students to write short note about the history of trade in Ethiopia and present it to the class.

# UNIT 4

## ACCOUNTING

**Number of periods: 20**

### **Objectives of the Chapter**

**At the end of the chapter, students will be able to:**

- ✓ Recognize accounting principles and prepare balance sheet.
- ✓ Recognize transactions in two column general journal and make posting on general journal and,
- ✓ Prepare six column worksheet and financial statements like income statement, capital statement and balance sheet.

### **Chapter Overview**

This unit introduces the basics of accounting and record keeping in a condensed manner. It is not possible to get basic knowledge by taking accounting only for 20 hours. But, students can appreciate the steps in basic accounting and major types of documents used in same.

The unit is divided into nine lessons. They include what is accounting, importance of accounting, beginning balance sheet, recording opening entry in the general journal, posting the opening entry, business transactions, income and expense accounts, six column worksheet, and the financial statement.

### **Lesson 4.1 What is Accounting**

### **Lesson 4.2 Importance of Accounting**

**Number of Period: 1**

**After these lessons, students will be able to:**

- ✓ Define accounting.



- ✓ State reasons for keeping good records.
- ✓ Discuss importance of accounting.

This lesson begins with the definition of accounting. Under this lesson, definitions of the different branches of accounting and why kept records are briefly explained.

### **Planning ahead**

Think of maintenance of diary by students for their daily activities in their personal life. This personal diary if consistently maintained throughout the active life students, the records may become the basis to write book on their autobiography. Also business organizations or individuals can also maintain records about their income and expenditures. Such records if systematically organized and consistently followed will create the books of the firm or the person. Using this analogy as a basis, you can now proceed to the definition of accounting and the different branches of accounting. At time you can ask students about importance of maintaining records.

### **Hints for teaching**

Before you define accounting, ask students whether they have a habit of recording their income and expenses. Tell them your experience how you maintain records of income and expenses if any. Then proceed to your definitions given in the textbook. Also proceed to the importance of accounting as stated.

### **Activity**

There is one activity in the student textbook. The possible answer for the activity is stated as follows. Every element of society –from individual to an entire industry or government branch has to make decisions on how to allocate its resources. In so doing, accounting information is used, among

other things. Does the business generates net income, incur loss, has more or less liquidity, extension of loan; etc is analyzed on the basis accounting information?

### **Lesson 4.3 Beginning Balance**

**Number of periods: 2**

**After completing this lesson, students will be able to:**

- ✓ Prepare beginning balance sheet.
- ✓ Explain asset, liability and capital as elements of balance sheet.
- ✓ Calculate assets, liability or capital using accounting equation.

The lesson deals with the beginning balance sheet components namely assets, liabilities and capital. The basic accounting equation will be discussed as a foundation which is the basis for evolving your discussion to the highest level in the chapter.

### **Planning ahead**

Before conducting your class, list the properties that your school has to the extent you can remember. Explain also the possibility of borrowing for individuals, organizations and even countries as the possibility of increasing the wealth. Then tell to students about the difference between what they have totally at their disposal and the difference between what they will have if they pay what they borrow. This will be your basis to explain the confusing concepts for students with no experience about accounting terms.

### **Hints for teaching**

Now reinforce what you have planned for the class. Write the definition of asset, liability and capital with three different colors. Keep the definition

where they are until the end of the lesson so that student can see it every period. Note that you cannot teach them only by telling since accounting is a skill by its nature.

### Activities

There are five activities in this lesson under the different topics. If you wish you can add more. But for the activities, the possible answers are given here below:

1. Properties used in business or at home that are owned and have monetary values are termed as assets. At school , assets include automobile , tables , desks , buildings , cash and so on
2. Properties used in business or at home that are owned and have monetary values are termed as assets. Family may have assets including automobile, tables, desks, buildings, cash, bed ,blanket ,pillows , pillow cases ,mattresses, bed sheets, gold ring, clothes ,etc.
3.  $A = 3L$ ;  $C = 400,000$ , Then  $3L = L + 400,000$   
 $2L = 400,000$ ;  $L = \$200,000$ , Assets = \$600,000
4. i. a. Birr 6,000 ( Capital )  
 b. Birr 1,500 (Liabilities)  
 c. Birr 27,000 (Assets)

M. Dry Cleaners Balance Sheet September 1, 2011			
Assets		Liabilities	
Cash	844	W/o Ayelech Co	110
Delivery Eq	2266	W/o Bizunesh Co.	<u>785</u>
Office Eq	480	Total liabilities	895
Dry C. Eq	<u>1660</u>		
		Capital	
		Ato Kebede G., capital	<u>4355</u>
<b>Total assets</b>	<u><b>5250</b></u>	<b>Total liab and cap.</b>	<u><b>5250</b></u>

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**Lesson 4.4 Recording Opening Entry in the General Journal****Number of periods: 3****After completing this lesson, students will be able to:**

- ✓ Record the opening entry in the general journal.
- ✓ Identify the sources of a journal entry.
- ✓ List and explain the two types of journal.
- ✓ Identify the source documents for the opening entry.
- ✓ State parts of a journal entry.
- ✓ Show the steps in recording the opening entry.

This lesson addresses the issue of recording opening entry in the general journal. The specific sub lessons addressed in this lesson include the sources of a journal entry, types of journal, the source document for the opening entry, parts of a journal entry and steps in recording the opening entry.

**Planning ahead**

The information produced periodically using balance sheet may be misplaced or lost. For this reason, the beginning balance should be recorded in a permanent book. The whole issue in this lesson is how to record such facts. For your teaching purpose, you can take examples of recording events in major books such as register for outgoing or incoming letters in an organization.

**Hints for teaching**

Before you start teaching this lesson, you may use standardized workbooks consisting of major permanent records. It is also possible to get such records from common stationery shops. If you cannot get from such sources, you can draw one using hard papers and post on the wall in the classroom.

**Activity**

There is one activity in this lesson and the answer for the activities a and b is given here below:

Africa Garage Balance Sheet September 1, 2011			
Assets		Liabilities	
Cash	567	Belay Co	641
Supplies	300	Dagnachew Spare parts	<u>217</u>
Garage Eq	3861	Total liabilities	<u>858</u>
Office. Eq	<u>740</u>		
		Capital	
		W/o D.Tolesa, caital	<u>4610</u>
Total assets	<u>5468</u>	Total liab and cap.	<u>5468</u>

DATE		ACCOUNT TITLE	POST REF.	DEBIT	CREDIT
2011					
December	1	Cash		567.00	
		Supplies		300.00	
		Garage equipment		3861.00	
		Office equipment		740.00	
		Belay Co.			641.00
		Dagnachew spare			217.00
		parts			4610.00
		W/ro D. Tolessa			
		,capital			
		Sept.1 balance			
		sheet			

### Lesson 4.5 Posting of the Opening Entry

**Number of periods: 3**

**After completing this lesson, students will be able to:**

- ✓ Post the opening entry in the ledger.
- ✓ Draw standard form of account.
- ✓ Show the steps in posting the opening entry.

This is the lesson about posting of the opening entry. It has concepts such as standard forms of an account, charts of accounts, and posting the opening entry to the ledger.

### Planning ahead

This is a beginning of making effect on assets, liabilities and capital as a result of processing of certain transactions such as payment or receipt of

cash. But, to record such effects of such transactions, accountants need to create groups of accounts called ledger. Then, the beginning balances must be entered and this is the very essence of the lesson.

### **Hints for teaching**

Take care students may not be familiar with new concepts. Therefore, your first major tasks will be to clearly define and show a standard format for an account. Then, build upon the definition and proceed to the steps in posting the opening entry. If you have materials in your school, write the steps in short form or in a diagram so that students can repeatedly see the steps.

### **Activity**

There is one activity in this lesson. The steps are found in the student textbook. It is very clear and you can strictly follow the steps used there. Even this is not difficult for students. However, you should follow the steps strictly. Remind students that assets accounts follow as 11, 12, 13, 14 and 15 for the asset items included in the exercise. Proceed to numbering of liability accounts as 21 and 22. Finally, number capital account as 31. Make sure that eight accounts are created in total. Now proceed to posting of the opening accounts.

### **Lesson 4.6 Business Transactions**

### **Lesson 4.7 Income and Expense Accounts**

#### **Number of Period: 1**

#### **After completing this lesson, students will be able to:**

- ✓ Use income and expense accounts as contra capital account.
- ✓ Analyze income transactions.
- ✓ Posting income transactions.
- ✓ Analyze income transactions.
- ✓ Analyze expense transaction.

This lesson has two major areas of coverage. They are analysis of income and expense transactions in the accounts.

### **Planning ahead**

Transactions result in disbursement and receipt of cash or acquisition of assets or disposal of resources. Such events will naturally affect the accounts created in the chart of account. In this lesson, you will analyze transactions to determine which accounts are affected in the form of increase and/or decrease. The effect must be recorded and finally posted. Expect difficulties of understanding of such concepts from students with no experience in the real world. Therefore, allocate enough time to explain the logic for doing so.

### **Hints for teaching**

Focus on three areas for teaching. For every transaction, two accounts will be affected. Therefore, first, determine the names of accounts affected as a result of the transaction. Second, determine the classifications of each account such as assets, liabilities, capital, income or expense. Third, determine how the balances of the accounts are effected as increase or decrease. Now proceed to the specific transactions.

### **Activity**

There is one exercise with five specific questions. The answers for the questions are given as follows:

- a.
  - Accounts affected are cash and telephone expense.
  - Cash is an asset account and telephone expense is an expense account.
  - Telephone expense is debited and cash is credited.



b.

- Accounts affected are cash and delivery income.
- Cash is an asset account and delivery income is a revenue account.
- Cash is debited and delivery income is credited.

c.

- Accounts affected are cash and advertising expense
- Cash is an asset account and advertising expense is an expense account
- Advertising expense is debited and cash is credited

d.

- Accounts affected are cash and delivery truck expense.
- Cash is an asset account and delivery truck expense is an expense account.
- Delivery truck expense is debited and cash is credited.

e.

- Accounts affected are cash and miscellaneous expense.
- Cash is an asset account and miscellaneous expense is an expense account.
- Miscellaneous expense is debited and cash is credited.

### **Lesson 4.8 Six Column Worksheet**

**Number of periods: 2**

**After completing this lesson, students will be able to:**

- ✓ Post expense transactions.
- ✓ Prepare a six column worksheet.
- ✓ Show the steps in preparing a six column worksheet.

This lesson basically discusses the steps in preparing a six column worksheet. This is nothing but the accountant's working paper. It is mainly used as a proof for the quality of the accountant's work.

### **Planning ahead**

You are not expected to produce an accountant by teaching this limited chapter. The very purpose of the lesson is to tell students that the quality of their work should be checked using some working document such as trial balance.

### **Hints for teaching**

Since students may face difficulty in understanding the steps involved here, please write the steps in a paper and post on the wall for some time. Since, they can focus on it every time they enter and sit in the class. Expect also difficulties since concepts are highly condensed in this chapter.

### **Activity**

There is one comprehensive activity in this lesson. Refer to student textbook and do it in a similar manner. This is simple to you and to the students.

## **Lesson 4.9 The Financial Statements**

### **Number of periods: 6**

### **After completing this lesson, students will be able to**

- ✓ Prepare income statement.
- ✓ Prepare capital statement.
- ✓ Prepare balance sheet.

This lesson has three parts. They are the income statement, preparing capital statement and preparing balance sheet. These are reports that show the performance of an organization in terms of profit and loss, status of an organization and the net worth of same.

### **Planning ahead**

These are documents that show information for decision making about the performance of an organization. Prepare to tell to students how these statements are important to the decision makers in the organization.

### **Hints for teaching**

Note that format is important for such reports. Prepare formats for income statement, balance sheet and capital statement.

### **Activities (# 9)**

There are five activities in this lesson. The answers are given here below". For the activity that demands mention of possible expenses that would be incurred by garages include

- a. The possible expenses that would be incurred by garages include salary expense,  
Supplies expense, water expense, telephone expense, etc.

For the activities that require mention of possible expenses that are incurred at your home include:

- b. The possible expenses that are incurred at home include water expense, telephone expense , supplies expense , electricity expense ,maintenance expense, etc

For the activity (# 10) that demands to **calculate profit or loss**, the answer is given here below:

- a. Net loss =  $5600 - 7200 = \$1600$
- b. Net income =  $4500 - 3700 = \$800$

The answer for the activity that demands for the **preparation of income statement**, here is the answer.

**Balcha Duferra Clinic**

**Income Statement**

**For month ended October 31, 2011**

Revenue		
Sales		
Expenses		20,000
Advertising Expense	5000	
Fuel Expenses	3000	
Miscellaneous	4000	
Rent Expenses	2000	
Utilities Expenses	<u>850</u>	
Total Expenses		<u>14850</u>
Net Income		<u>5150</u>

The activity that demands preparation of capital statement is given as follows.

## Haimanot Olango Repair Service

## Capital Statement

For Month Ended September 31, 2011

Haimanot Olango, Capital, September 1, 2011	15,000.00	
Plus: Additional Capital	<u>2,000.00</u>	
<b>Total</b>		17,000.00
Net Loss for September , 2011	3000.00	
Less :Withdrawals for December, 2011	<u>1000.00</u>	
Net decrease in Capital		<u>4000.00</u>
Haimanot , Capital, September 31, 2011		<u>13,000.00</u>

**ASSESSMENT** you can use the activities in order to assess the understanding of the students.

## Study Questions

1.

- **Net loss:** When total revenue is less than total expenses.
- **Net income:** When total revenue is greater than total expenses
- **Bookkeeping:** The recording part of accounting.
- **Work sheet:** It is a Working paper to facilitate the preparation of financial Statements..
- **Liability:** Amount owed .
- **Expense:** Expired costs for the fiscal period.
- **Asset:** Any thing of value owned
- **Proprietor:** Owner of a sole proprietorship
  - **General Journal :** The first book of entry in which transactions are first recorded

- **Special journal:** The first book of entry in which one type of transaction is Recorded.
- **Journal:** The first book of entry
- **Entry:** Each record in a journal consisting of date, debit, credit and source document.
- **Source document:** A business paper which is evidence for journal entry
- **Fiscal period:** The period after which financial statements are prepared.

2. Assets = Liabilities + capital
3. Refer to student textbook.
4. Refer to student textbook.
5. Refer to page textbook and step 3.
6. Additional investment made by the owner sales of services Interest income earned
7. Refer to textbook.
8. Net loss decreases capital and decrease in capital is recorded in a debit part
9. The primary use of the financial statements is to show the financial condition, progress and changes in capital of a business
10. The heading of Balance sheet differ from the heading of the Income Statement in that balance sheet is prepared on a specific date and income statement is prepared for a specific period of time
11. It shows the changes in capital i.e. additional investments, net income, net loss and withdrawals

**Answers for Multiple Choice Questions**

1. C      2. A      3. D      4. E      5. B      6.B      7. C

**1. Analyze and record the transactions in a general journal****General Journal**

Page No. 1

Date		Description	Pos. Ref.	Debit		Credit	
2007 Mar.	1	Cash	11	3,500	00		
		Accounts Receivable	12	950	00		
		Supplies	14	1,200	00		
		Photographic Equipment	18	15,000	00		
		Ann Hill, Capital	31			20,650	00
	1	Prepaid Rent	15	2,400	00		
		Cash	11			2,400	00
	4	Photographic Equipment	18	2,500	00		
		Accounts payable	21			2,500	00
	5	Cash	11	850	00		
		Accounts Receivable	12			850	00
	6	Miscellaneous expense	59	125	00		
		Cash	11			125	00
	10	Accounts Payable	21	500	00		
		Cash	11			500	00
	13	Salary Expense	52	575	00		
		Cash	11			575	00
	16	Cash	11	1,980	00		
		Sales	41			1,980	00
	20	Supplies	14	650	00		
		Cash	11			650	00
	27	Salary expense	52	575	00		
		Cash	11			575	00
	31	Miscellaneous expense	59	175	00		
		Cash	11			175	00
	31	Miscellaneous expense	59	69	00		
		Cash	11			69	00

## General Journal

Page No. 2

Date	Description	Pos. Ref.	Debit		Credit	
31	Cash	11	1,870	00		
	Sales	41			1,870	00
31	Accounts Receivable	12	1,675	00		
	Sales	41			1,675	00
31	A. Hill, Drawing	32	1,500	00		
	Cash	11			1,500	00

## 2. Post to the Ledger

ACCOUNT: Cash

ACCOUNT NO. 11

Date		Item	Pos. Ref.	Debit		Credit		Balance			
								Debit		Credit	
2007 Mar.	1		GJ1	3,500	00			3,500	00		
	1		GJ1			2,400	00	1,100	00		
	5		GJ1	850	00			1,950	00		
	6		GJ1			125	00	1,825	00		
	10		GJ1			500	00	1,325	00		
	13		GJ1			575	00	750	00		
	16		GJ1	1,980	00			2,730	00		
	20		GJ1			650	00	2,080	00		
	27		GJ1			575	00	1,505	00		
	31		GJ1			69	00	1,436	00		
	31		GJ1			175	00	1,261	00		
	31		GJ2	1,870	00			3,131	00		
	31		GJ2			1,500	00	1,631	00		



## ACCOUNT: Accounts Receivable

ACCOUNT NO. 12

Date		Item	Pos. Ref.	Debit		Credit		Balance			
								Debit		Credit	
2007 Mar.	1		GJ1	950	00			950	00		
	5		GJ1			850	00	100	00		
	31		GJ2	1,675	00			1,775	00		

## ACCOUNT: Supplies

ACCOUNT NO. 14

Date		Item	Pos. Ref.	Debit		Credit		Balance			
								Debit		Credit	
2007 Mar.	1		GJ1	1,200	00			1,200	00		
	20		GJ1	650	00			1,850	00		

## ACCOUNT: Prepaid Rent

ACCOUNT NO. 15

Date		Item	Pos. Ref.	Debit		Credit		Balance			
								Debit		Credit	
2007 Mar.	4		GJ1	2,400	00			2,400	00		

## ACCOUNT: Photographic Equipment

ACCOUNT NO. 18

Date		Item	Pos. Ref.	Debit		Credit		Balance			
								Debit		Credit	
2007 Mar.	1		GJ1	15,000	00			15,000	00		
	4		GJ1	2,500	00			17,500	00		

## ACCOUNT: Accounts Payable

ACCOUNT NO. 21

Date		Item	Pos. Ref.	Debit		Credit		Balance			
								Debit		Credit	
2007 Mar.	4		GJ1			2,500	00			2,500	00
	10		GJ1	500	00					2,000	00

## ACCOUNT A. Hill, Capital

ACCOUNT NO. 31

Date		Item	Pos. Ref.	Debit		Credit		Balance			
								Debit		Credit	
2007 Mar.	1		GJ1			20,650	00			20,650	00

## ACCOUNT A. Hill, Drawing

ACCOUNT NO. 32

Date		Item	Pos. Ref.	Debit		Credit		Balance			
								Debit		Credit	
2007 Mar.	31		GJ2	1,500	00			1,500	00		

## ACCOUNT Sales

ACCOUNT NO. 41

Date		Item	Pos. Ref.	Debit		Credit		Balance			
								Debit		Credit	
2007 Mar.	16		GJ1			1,980	00			1,980	00
	31		GJ2			1,870	00			3,850	00
	31		GJ2			1,675	00			5,525	00

## ACCOUNT: Salary Expense

ACCOUNT NO. 52

Date		Item	Pos. Ref.	Debit		Credit		Balance			
								Debit		Credit	
2007 Mar.	13		GJ1	575				575			
	27		GJ1	575				1,150			

## ACCOUNT: Miscellaneous Expense

ACCOUNT NO. 59

Date		Item	Pos. Ref.	Debit		Credit		Balance			
								Debit		Credit	
2007 Mar.	6		GJ1	125				125			
	31		GJ1	69				194			
	31		GJ1	175				369			

## 3) The Trial Balance

Hill Photographic Studio		
Trial Balance		
March 31, 2007		
	<u>Debit</u>	<u>Credit</u>
Cash	1,631	
Accounts Receivable	1,775	
Supplies	1,850	
Prepaid Rent	2,400	
Photographic Equipment	17,500	
Accounts Payable		2,000
A. Hill, Capital		20,650
A. Hill, Drawing	1,500	
Sales		5,525
Salary Expense	1,150	
Miscellaneous Exp.	369	
	<u>28,175</u>	<u>28,175</u>

## 4) Financial Statements

Hill Photographic Studio  
Income Statement  
For Month Ended March, 31, 2011

Sales	-----	Birr5,525.00
Operating expenses:		
Salary expense	-----	Birr1,150.00
Miscellaneous expense.	-----	<u>369.00</u>
Total expense		<u>1,519.00</u>
Net income		Birr <u>4,006.00</u>

Hill Photographic Studio  
Capital Statement  
For Month Ended March, 31, 2011

A. Hill, Capital, March 1, -----	Birr20,650.00
Add: Net income (for the month) -----	Birr4,006.00
Less: Withdrawals -----	<u>1,500.00</u>
Increase in owner's equity -----	<u>2506.00</u>
A. Hill, Capital, March 31,, <b>2007</b>	Birr <u>23,156.00</u>

Hill Photographic Studio  
Balance sheet  
March, 31, 2011

**Assets**

**Current Assets:**

Cash -----	Birr1,631.00
Accounts Receivable -----	1,775.00
Supplies -----	1850.00
Prepaid rent -----	<u>2,400.00</u>
Total current assets	Birr7,656.00

**Plant assets:**

Photographic Eqt. -----	<u>Birr17,500.00</u>
Total Assets	Birr <u>25,156.00</u>

**Liabilities**

**Current liabilities:**

Accounts Payable -----	Birr2,000.00
------------------------	--------------

**Capital**

A. Hill, Capital -----	Birr23,156.00
Total liab. and capital	Birr <u>25,156.00</u>

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## **Introduction**

Students at second cycle secondary education have already decided the broad stream of learning - social science/natural science – in which their future area of study to be.

The purposes of second cycle secondary education are enabling learners choose subjects/areas of training to be attended in higher education within the framework of their respective preparatory stream, and preparing students for the world of work. In pursuit of these purposes students of social science stream at preparatory (11 and 12) level are expected to study one of the specialized fields of social sciences, language, business and management and law faculties.

General business, as one of the offered subjects in social science stream of preparatory education, aims at providing learners with necessary foundations of knowledge, attitudes, and skills to manage future higher education academic carrier and world of work. This is possible by:-

- discerning nature of business, forms of business ownership to learners;
- enabling learners understand financial business organization, production, marketing

communication, trade and business record keeping;

- facilitating conditions to create citizens who have the attitude of informed appreciation and understanding business as means of interdependence among people;
- fostering certain skills like business recording, planning and reporting business activities.

The provision of quality education has become the first line issue at present time of Ethiopia. Assessment and other feedback reports demanded the improvement of curriculum materials. Besides, the curriculum revision made at lower education levels subsequently demanded revision of curriculum at this level.

In addressing these issues the current grades 11 and 12 general business curriculum is founded on outcome based learning which is defined in the new curriculum framework and in line to the international standards. Thus, the present curriculum is organized in such a way that it is suitable to realize active learning methods and equate learner's performance with the specified competencies.

To enable users of this curriculum document understand it fully, it is made to contain:

### *General Business: Grade 12*

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- Profile of general business student at the end of grade 12 which reflects the contribution of attending general business lesson in
- bringing the desired general profile of learners at the end of second cycle secondary education.
- Minimum learning competencies for general business education of grades 11 and 12.
- Content flow chart of the cycle.

- Grade level learning outcomes of each grades (11 and 12) and
- The respective grade syllabuses.

The competencies and content flow charts are organized around eight themes – the nature of business, forms of business ownership, financing business organization, production, marketing, communication, trade, and business record keeping. Using these themes, the syllabuses of each of grades (11 and 12) have been arranged in units.

Thirty four weeks are allotted in a year to cover the lesson of each grade with four periods per week.

**Unit 1 : Marketing (20 periods)**

**Unit Learning outcomes**

At the end of this unit studies will be able to:

- Understand concept of marketing and market
- Appreciate and determine marketing function
- Recognize marketing mixes

<i>Competencies</i>	<i>Contents</i>	<i>Suggested activities</i>
<p><i>Students will be able to:</i></p> <ul style="list-style-type: none"> <li>• Define marketing</li> <li>• Exemplify exchange and transaction</li> <li>• Differentiate products</li> <li>• Identify customer value</li> <li>• Estimate customer satisfaction</li> </ul>	<p><b>– Marketing</b></p> <p><b>1.1 What is marketing</b></p> <ul style="list-style-type: none"> <li>▪ Needs &amp; wants</li> <li>▪ Exchange &amp; transaction</li> <li>▪ Product</li> <li>▪ Customer value</li> <li>▪ Customer satisfaction</li> </ul> <p><b>1.2 What is market</b></p> <ul style="list-style-type: none"> <li>▪ <b>Types of market</b></li> </ul> <p><b>1.3 Major marketing function</b></p> <p><b>1.4 The marketing mixes</b></p> <p>1.4.1 Product</p> <ul style="list-style-type: none"> <li>• Classification of product</li> <li>• Stages of product lifecycle                             <ul style="list-style-type: none"> <li>– Introduction</li> <li>– Growth</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Encourage students to define the term marketing and let them further define sub terminologies that they use to define marketing like: needs &amp; wants, exchange and transaction, product, customer value &amp; customer satisfaction.</li> <li>• Assist students to define market from their own experience and let them compare their definition with their classmates.</li> </ul>



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<i>Competencies</i>	<i>Contents</i>	<i>Suggested activities</i>
<ul style="list-style-type: none"> <li>List and explain the four marketing mixes namely: <ul style="list-style-type: none"> <li>Product</li> <li>Price</li> <li>Place/dist.</li> <li>Promotion</li> </ul> </li> <li>Define product</li> <li>List and explain types of product</li> <li>Demonstrate the product life cycle</li> <li>Define price</li> <li>Recognize price and non price competition</li> <li>Determine pricing objectives</li> <li>List and define different pricing approaches</li> <li>Calculate unit selling price using: <ul style="list-style-type: none"> <li>Cost plus pricing</li> <li>Rate of return pricing</li> <li>Calculate break even analysis</li> <li>Calculate value based</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Maturity</li> <li>Decline</li> </ul> <p>1.4.2 Price</p> <ul style="list-style-type: none"> <li>The meaning and use of price</li> <li>Price and non price competition</li> <li>Pricing objectives</li> <li>General approaches to pricing <ul style="list-style-type: none"> <li>Cost based pricing</li> <li>Cost plus pricing</li> <li>Rate of return pricing</li> </ul> </li> <li>Break even analysis <ul style="list-style-type: none"> <li>Value based pricing</li> <li>Competition based pricing</li> </ul> </li> </ul> <p>1.4.3 Place/distribution</p> <ul style="list-style-type: none"> <li>Distribution channel for consumer goods</li> <li>Distribution channel for industrial goods</li> <li>Channel decision</li> <li>Factors for choice of channel decision</li> </ul> <p>1.4.3.1 Marketing Intermediaries</p>	<ul style="list-style-type: none"> <li>Let students list marketing function and discuss on it among their group.</li> <li>Let students discuss about four marketing mixes, their different natures and how they support marketing activities.</li> <li>Help students discuss about product and arrange the class in groups to present different stages of product life cycle starting from introduction to declining stage.</li> <li>Brainstorming: ask students to tell about the meaning of price and the nature of competition in terms of price and non price.</li> </ul>

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<i>Competencies</i>	<i>Contents</i>	<i>Suggested activities</i>
<ul style="list-style-type: none"> <li>pricing               <ul style="list-style-type: none"> <li>▪ Compute competition based pricing</li> </ul> </li> <li>▪ Define place/distribution</li> <li>▪ Demonstrate distribution channel of consumer goods and industrial goods</li> <li>• Reason out points for selecting the right channel</li> <li>• Describe factors that influence channel decision</li> <li>• Interpret marketing intermediaries</li> <li>• Describe reasons to use whole salers</li> <li>• Describe wholesalers service to manufacturers</li> <li>• Describe wholesalers service to retailers</li> <li>• List types of whole salers</li> </ul>	<p>1.4.3.1.1 Wholesalers</p> <ul style="list-style-type: none"> <li>• Reason to use wholesalers</li> <li>• Wholesalers service to manufacturers</li> <li>• Wholesalers service to retailers</li> <li>• Types of wholesalers</li> </ul> <p>1.4.3.1.2 Retailers</p> <ul style="list-style-type: none"> <li>• Classes of in store retailers</li> <li>• Retailers According to number of stores owned</li> <li>• Retailers according to control outlets               <ul style="list-style-type: none"> <li>• Retailers according to size and products</li> <li>• Retailers according to the service</li> <li>• Retailers classification by type to store cluster in different localities</li> </ul> </li> <li>• Classes of non store retailers               <ul style="list-style-type: none"> <li>▪ Direct selling</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Let students introduce about the three types of pricing approaches.</li> <li>• Let students discuss on the two distribution channels and show it in picture.</li> <li>• Motivate students to recall their grade 11 lessons about intermediaries. Then, let student discuss why manufacturers use wholesalers and; wholesales service to retailers and order to list types of wholesalers</li> <li>• Let students define retailers</li> </ul>

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<i>Competencies</i>	<i>Contents</i>	<i>Suggested activities</i>
<ul style="list-style-type: none"> <li>• Define retailers</li> <li>• Explain classes of in store retailers</li> <li>• Explain class of on store retailers</li> <li>• Define warehouse</li> <li>• List &amp; explain types of ware house</li> <li>• Explain modes of transportation</li> <li>• List &amp; explain the four promotional mixes namely: <ul style="list-style-type: none"> <li>▪ Advertising</li> <li>▪ Sales promotion</li> <li>▪ Personal selling</li> <li>▪ Publicity</li> </ul> </li> <li>• Explain marketing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Direct marketing</li> <li>▪ Automatic vending</li> <li>▪ E-commerce</li> </ul> <p>1.4.3.2 Ware housing</p> <ul style="list-style-type: none"> <li>• Types of warehouse</li> </ul> <p>1.4.3.3 Transportation</p> <p>1.4.4 Marketing Promotion</p> <p>1.4.4.1 Promotional mixes</p> <ul style="list-style-type: none"> <li>• Advertising</li> <li>• Sales Advantage .&amp; disadvantage of advertise</li> <li>• Media &amp; advantage &amp; disadvantage <ul style="list-style-type: none"> <li>- promotion</li> <li>- Personal selling</li> <li>- Publicity</li> </ul> </li> </ul> <p>1.4.5 Marketing management</p>	<ul style="list-style-type: none"> <li>• Let students differentiate between store and non store retails</li> <li>• Assist students to realize how to classify store retailers</li> <li>• Assist students to classify non store retailers</li> <li>• Motivate students to think and discuss about warehousing with its different types.</li> <li>• Let students list different modes of transportation</li> <li>• In groups, help students to list different types of promotional mixes with their advantages and disadvantages.</li> <li>• Assist students to express idea of management in general and specifically about marketing management</li> </ul>

## **ASSESSMENT**

Students' performance has to be assessed continuously over the whole unit. Comparing student's performance with the specified level of competencies will make the assessment logical. Besides, the teacher has to recognize the level of performance of each student and provide assistance accordingly.

Thus:-

A student at a minimum requirement level will be able to define marketing and market, explain the difference between market and marketing, list and discuss major marketing functions, list and explain the four marketing mixes, define product, list and explain types of product, demonstrate the product life cycle, differentiate products, define price, list and explain different pricing approaches, calculate unit selling price using, define place(distribution), explain two ways of

distributing goods, describe reasons why to use wholesales, define warehouse, list and explain types of warehouse, explain marketing management, explain modes of transportation, define promotion, and list and explain the four promotions mixes.

In addition, a student working above the minimum requirement level and considered as higher achiever should be able to: exemplify exchange and transaction, estimate customers satisfaction, recognize price and non-price competition, determine pricing objective, differentiate distribution channel of consumer goods and industries goods, reason out points for selecting the right channel and interpret marketing intermediaries. Students who fulfil the higher achievers competencies also need a special support to continue and achieve more.

**Unit 2 : Communications** (12 periods)

**Unit learning outcomes**

At the end of this lesson students will be able to:-

- Recognize concept of communication
- Differentiate the various methods of communication
- Prepare business letters

<i>Competencies</i>	<i>Contents</i>	<i>Suggested activities</i>
<p><i>Students will be able to:</i></p> <ul style="list-style-type: none"> <li>• Define communication and business communication</li> <li>• Discuss importance of communication</li> <li>• Describe process of communication</li> <li>• Identify the three methods of communication</li> <li>• Identify the basic parts of business letters</li> </ul>	<p><b>2. Communication</b></p> <p><b>2.1 Definition of communication and business communication</b></p> <p>2.1.1 Importance of communication</p> <p>2.1.2 Process of communication</p> <p><b>2.2 Methods of communication</b></p> <p>2.2.1 Communication by media</p> <p>2.2.2 Communication by direction</p> <p>2.2.3 Communication by degree of formality</p>	<ul style="list-style-type: none"> <li>• Let students forward their own concept about communication &amp; business communication, its importance and how the process takes places.</li> <li>• Let students discuss about different methods of office communication in groups.</li> <li>• Present formats of business letters and ask students to suggest their different purposes and application mechanism.</li> </ul>

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<i>Competencies</i>	<i>Contents</i>	<i>Suggested activities</i>
<ul style="list-style-type: none"> <li>• Determine components of business letters</li> <li>• Differentiate business letter formats</li> <li>• Explain principles of business letter writing</li> <li>• Analyze parts of forms</li> <li>• Design office notes &amp; message forms</li> <li>• Develop memorandum</li> <li>• Prepare news release</li> <li>• Define business report</li> <li>• Distinguish main parts of report</li> <li>• List and explain other common reports and their headings</li> <li>• Prepare meeting report</li> <li>• Prepare progress report</li> <li>• Prepare trip report</li> <li>• Identify elements of curriculum vitae (CV)</li> <li>• Prepare CV</li> </ul>	<p><b>2.3 Effective formats of business message</b></p> <p>2.3.1 Business letter's common components</p> <p>2.3.2 Business letter formats</p> <p>2.3.3 Principles of business letter writing</p> <p>2.3.4 Form letters</p> <p>2.3.5 Office notes and message forms</p> <p>2.3.6 Memorandum</p> <p>2.3.7 News release</p> <p><b>2.4 Business report writing and business reports</b></p> <p>2.4.1 Main parts of a report</p> <p><b>2.5 Other common reports and their heading</b></p> <p>2.5.1 Meeting report</p> <p>2.5.2 Progress report</p> <p>2.5.3 Trip report</p>	<ul style="list-style-type: none"> <li>• Let students discuss about business report and business report writing mechanism.</li> <li>• Assist students to mention differences among meeting, progress and trip report.</li> </ul>

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<i>Competencies</i>	<i>Contents</i>	<i>Suggested activities</i>
<ul style="list-style-type: none"><li>• Design cover letter</li><li>• Arrange interview</li></ul>	<b>2.6 Writing curriculum vitae(CV)</b> 2.6.1 Writing CV 2.6.2 Writing cover letter <b>2.7 Preparing for interview</b>	<ul style="list-style-type: none"><li>• Present a CV format and make students to explain about CV parts and to prepare their own CV</li><li>• Help students to prepare an interview</li></ul>

## ASSESSMENT

Students' performance has to be assessed continuously over the whole unit. Comparing students' performance with the specified level of competencies will make the assessment logical. Besides, the teacher has to recognize the level of performance of each student and provide assistance accordingly.

Thus:-

A student at a minimum requirement level will be able to define communication and business communication, identify the three methods of communication, discuss importance of communication and describe process of communication. Identify the basic parts of business letter, define business report, list and explain other

common reports and their headings and identify elements included in CV. Distinguish main parts of report, prepare meeting report,

In addition, a student working above the minimum requirement level and considered as higher achiever should be able to differentiate business letter formats, analyze parts of business letter forms, design office notes and message forms, develop memorandum, prepare news release, prepare progress report, prepare trip report, prepare CV, design cover letter and arrange interview. Students who fulfil the higher achievers competencies also need a special support to continue and achieve more

**Unit 3: Trade** (16 periods)

**Unit learning outcomes:**

At the end of this lesson students will be able to:

- Understand the concept of trade
- Recognize the concept of foreign and domestic trade
- Realize the necessary conditions to act as a trader

<i>Competencies</i>	<i>Contents</i>	<i>Suggested activities</i>
<p><i>Students will be able to:</i></p> <ul style="list-style-type: none"> <li>• Define trade</li> <li>• List and explain types of trade</li> <li>• Determine persons capable for trade</li> <li>• Recall the rights of traders</li> <li>• Mention facilitators of trade activity</li> <li>• Identify conditions for inland transaction</li> <li>• Explain the meaning &amp; importance of foreign trade in Ethiopia</li> <li>• Discuss reasons for trade restriction</li> <li>• Indicate short and long term</li> </ul>	<ul style="list-style-type: none"> <li>• Trade</li> <li><b>3.1 Definition of trade</b></li> <li>3.1.1 Trade <ul style="list-style-type: none"> <li>• Persons capable of carrying trade</li> <li>• Right to set as a trader</li> <li>• Aids to trade</li> <li>• In land transactions</li> </ul> </li> <li><b>3.2 Foreign Trade</b></li> <li>3.2.1 Absolute and comparative advantage of foreign trade</li> <li>3.2.2 Trade restrictions <ul style="list-style-type: none"> <li>• Reasons for trade restrictions</li> <li>• Reasons against trade restrictions</li> </ul> </li> <li>3.3.3 Nature of foreign trade <ul style="list-style-type: none"> <li>• Reasons for special procedure in foreign trade</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Motivate students to define the relationship between trade and people. Then, facilitate conditions so that participants simulate to act as a trader.</li> <li>• Let students describe about foreign trade and its absolute and comparative advantage.</li> </ul>



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<i>Competencies</i>	<i>Contents</i>	<i>Suggested activities</i>
<p>effects of trade restrictions.</p> <ul style="list-style-type: none"> <li>• Explain the nature of foreign trade</li> <li>• Explain foreign trade &amp; its bases</li> <li>• Explain different documents that the importer must receive from the exporter before the ship arrives</li> <li>• Discuss the meaning and functions of foreign enquires and quotations</li> <li>• List and discuss foreign terms of payment.</li> <li>- Discuss customs duty estimation procedure in Ethiopia.</li> <li>- Identify the different methods of entering international trade</li> </ul>	<p>3.3.4 Documents and special terminologies</p> <p>3.3.5 Foreign enquiries and quotation</p> <ul style="list-style-type: none"> <li>- Price terms</li> </ul> <p>3.3.6 Foreign terms of payment</p> <p>3.3.6.1 Payment on collection</p> <ul style="list-style-type: none"> <li>• Bill of exchange</li> <li>• Sight draft collection</li> <li>• Time draft collection</li> </ul> <p>3.3.7 A note on customs duty estimation procedure in Ethiopia</p> <ul style="list-style-type: none"> <li>- Consignment sales</li> </ul> <p>3.3.8 Methods of entering international trade</p>	<ul style="list-style-type: none"> <li>• Let students mention reasons for trade restriction</li> <li>• In groups, make students mention reasons for foreign trade procedures</li> <li>• .Assist students to mention special terminologies and necessary documents</li> <li>• Arrange group discussion to mention foreign enquires and quotation.</li> <li>• Let students discuss in group about bill of exchange, sight of collection and time draft collection.</li> <li>• Facilitate conditions to discuss about custom duty and about international trade</li> </ul>

## **ASSESSMENT**

Students' performance has to be assessed continuously over the whole unit. Comparing students' performance with the specified level of competencies will make the assessment logical. Besides, the teacher has to recognize the level of performance of each student and provide assistance accordingly.

Thus:-

A student at a minimum requirement level will be able to define trade, list and explain types of trade, identify conditions for inland transaction, explain the meaning and importance of foreign trade in Ethiopia, explain the nature of foreign trade, explain foreign trade and its bases, discuss reasons for trade restriction, explain different documents, that the importer must receive from the exporter before the ship arrives, discuss the

meaning and functions of foreign of enquiries and quotations, list and discuss foreign terms of payment, discuss customs duty estimation procedure in Ethiopia and identify the different methods of entering international trade.

In addition, a student working above the minimum requirement level and considered as higher achiever should be able to determine persons capable for trade, recall the right of traders, mention facilitator of trade activity, indicate short and long term effects of trade restriction and identify the different methods of entering international trade. Students who fulfil the higher achievers competencies also need a special support to continue and achieve more.

**Unit 4: Accounting ( 20 Periods)**

**Unit learning outcomes:**

At the end of this lesson students will be able to:

- Recognize accounting principles and prepare balance sheet
- Record transactions in two column general journal and make posting on general journal &
- Prepare six column worksheet and financial statements like income statement, capital statement & balance sheet

<i>Competencies</i>	<i>Contents</i>	<i>Suggested activities</i>
<p><i>Students will be able to:</i></p> <ul style="list-style-type: none"> <li>• Define accounting</li> <li>• State reasons for keeping good records</li> <li>• Discuss importance of accounting</li> <li>• Prepare beginning balance sheet</li> <li>• Explain asset, liability &amp; capital as elements of balance sheet</li> <li>• Calculate accounting equation</li> <li>• Record the opening entry in the general journal</li> </ul>	<ul style="list-style-type: none"> <li>– Business record keeping and financial records</li> </ul> <p><b>4.1 What is accounting</b></p> <ul style="list-style-type: none"> <li>• Definition of accounting</li> <li>• Why kept good records</li> </ul> <p><b>4.2 Importance of accounting</b></p> <p><b>4.3 Beginning Balance Sheet</b></p> <ul style="list-style-type: none"> <li>• Asset</li> <li>• Liability</li> <li>• Capital</li> <li>• Accounting equation</li> <li>• Body of the balance sheet</li> </ul> <p><b>4.4. Recording opening entry in the general journal</b></p> <p>4.4.1. The source of a journal entry</p> <p>4.4.2. Types of journal</p> <ul style="list-style-type: none"> <li>• The general journal</li> </ul>	<ul style="list-style-type: none"> <li>• Guide students to explain about the concept of accounting and purpose of keeping records.</li> <li>• Facilitate conditions to discuss importance of accounting</li> <li>• Motivate students to mention elements of balance sheet.</li> <li>• Guide students so that they can calculate accounting equation and prepare balance sheet.</li> <li>• Demonstrate journal entry based on record opening entry and let students differentiate types of journal and source documents for opening entry and steps in record opening entry.</li> </ul>

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<i>Competencies</i>	<i>Contents</i>	<i>Suggested activities</i>
<ul style="list-style-type: none"> <li>• Identify the source of a journal entry</li> <li>• Lists and explain the two types of journal</li> <li>• Identify the source document for the opening entry <ul style="list-style-type: none"> <li>▪ State parts of a journal entry</li> <li>▪ Show the steps in recording the opening entry</li> </ul> </li> <li>▪ Post the opening entry in the ledger</li> <li>▪ Draw standard form of account</li> <li>▪ Show the steps in posting the opening entry</li> <li>▪ Analyze business transactions</li> <li>▪ Record business transaction</li> <li>▪ Sort business transaction through posting</li> </ul>	<ul style="list-style-type: none"> <li>• Two column general journal</li> <li>4.4.3 The source document for the opening entry</li> <li>4.4.4 Parts of a journal entry</li> <li>4.4.5 Steps in recoding the opening entry</li> <li><b>4.5 Posting the opening entry</b> <ul style="list-style-type: none"> <li>4.5.1 Standard form of an account</li> <li>4.5.2 Chart of accounts</li> <li>4.5.3 Posting the opening entry to the ledger <ul style="list-style-type: none"> <li>▪ Steps in posting the opening entry</li> </ul> </li> </ul> </li> <li><b>4.6 Business transactions</b> <ul style="list-style-type: none"> <li>• Analysis of business transactions</li> <li>• Recording business transactions</li> <li>• Posting business transactions</li> </ul> </li> <li><b>4.7 Income and expense accounts</b></li> </ul>	<ul style="list-style-type: none"> <li>• Guide students to enable them posting the opening entry for standard form of account and to prepare ledger.</li> </ul>

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<i>Competencies</i>	<i>Contents</i>	<i>Suggested activities</i>
<ul style="list-style-type: none"> <li>▪ Use income and expense accounts as contra capital account</li> <li>▪ Analyze income transaction</li> <li>▪ Posting income transaction</li> <li>▪ Analyze expense transaction</li>   <li>▪ Post expense transaction</li> <li>▪ Prepare a six column worksheet</li> <li>▪ Show the steps in preparing a six column worksheet</li>   <li>▪ Prepare income statement</li> <li>▪ Prepare capital statement</li> <li>▪ Prepare balance sheet</li> </ul>	<p>4.7.1 Income transactions</p> <p>4.7.1.1 Analysis of income transactions</p> <p>4.7.1.2 Posting income transaction</p> <p>4.7.2 Expense transaction</p> <p>4.7.2.1 Analysis of expense transaction</p> <p>4.7.2.2 Posting expense transaction to the ledger</p> <p><b>4.8 Six column worksheet</b></p> <p>4.8.1 Steps in preparing a six column worksheet</p> <p><b>4.9 The financial statement</b></p> <p>4.9.1 The income statement</p> <p>4.9.2 Preparing capital statement</p> <p>4.9.3 Preparing balance sheet</p>	<ul style="list-style-type: none"> <li>• Motivate students to prepare business transaction</li>   <li>• Demonstrate income and expense accounts based on accounts and let students differentiate income and expense accounts analysis.</li> </ul>

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<i>Competencies</i>	<i>Contents</i>	<i>Suggested activities</i>
		<ul style="list-style-type: none"><li>• Motivate students to prepare six-column worksheet with the necessary steps by arranging them in groups.</li><li>• Help student to prepare different types of statements, under financial statement.</li></ul>

### **ASSESSMENT**

Students' performance has to be assessed continuously over the whole unit. Comparing students' performance with the specified level of competencies will make the assessment logical. Besides, the teacher has to recognize the level of performance of each student and provide assistance accordingly.

Thus:-

A student at a minimum requirement level will be able to define accounting, state reasons for keeping good records, discuss importance of accounting, prepare beginning balance sheet, list and explain the two types of journal record the opening entry in the general journal, post the opening entry in the ledger, analyze business transaction, record business transaction, short business transaction through posting, use income and expense accounts as

contra capital account, analyze income and expense transaction, prepare six column worksheet, prepare income statement and prepare balance sheet.

In addition, a student working above the minimum requirement level and considered as higher achiever should be able to state fundamental difference of asset, liability and capital as element of balance sheet, calculate accounting equation, identify the source of a journal entry. Identify the source document for the opening entry, show the steps in recording the opening entry, show the steps in posting the opening entry and show the steps in preparing a six-column work sheet. Students who fulfil the higher achievers competencies also need a special support to continue and achieve more.

**Participants**

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**Coordinator**

Abraham Embaye:- General Education Curriculum Framework Development  
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**Minimum Learning Competencies(MLC) for Grade 12**

Theme	Competencies
Marketing	<ul style="list-style-type: none"><li>• Define marketing and market</li><li>• Explain the difference between market and marketing</li><li>• Discuss major marketing functions</li><li>• Explain the four marketing mixes namely:<ul style="list-style-type: none"><li>- Product</li><li>- Price</li><li>- Place(Distribution)</li><li>- Promotion</li></ul></li><li>• Define product</li><li>• Classify types of product</li><li>• Demonstrate the product life cycle</li><li>• Define price</li><li>• Differentiate the various pricing approaches</li><li>• Calculate unit selling price using:<ul style="list-style-type: none"><li>- Cost plus pricing</li><li>- Rate of return pricing</li></ul></li><li>• Define place (distribution)</li><li>• Explain two ways of distributing goods namely<ul style="list-style-type: none"><li>- Using intermediaries and</li><li>- Using different modes of transportation</li></ul></li><li>• Define warehouse</li><li>• Explain types of warehouse</li></ul>



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Theme	Competencies
	<ul style="list-style-type: none"><li>• Explain marketing management</li><li>• Define promotion</li><li>• Describe the four promotional mixes Namely:- Advertising<ul style="list-style-type: none"><li>- Sales promotion</li><li>- Personal selling</li><li>- Publicity</li></ul></li></ul>
Communication	<ul style="list-style-type: none"><li>• Define communication and business communication</li><li>• Describe the three methods of communication</li><li>• Identify the basic parts of business letter</li><li>• Define business report</li><li>• Describe other common reports and their headings</li><li>• Identify elements included in curriculum vitae (CV)</li></ul>
Trade	<ul style="list-style-type: none"><li>• Define trade</li><li>• Differentiate types of trade</li><li>• Explain the meaning and importance of foreign trade in Ethiopia</li><li>• Realize the nature of foreign trade</li><li>• Explain foreign trade and its bases</li><li>• Explain different documents that the importer must receive from the exporter before the ship arrives</li><li>• Discuss the meaning and functions of foreign enquiries and quotations</li><li>• Elaborate foreign terms of payment</li><li>• Discuss customs duty estimation procedure in Ethiopia</li><li>• Identify the different methods of entering international trade</li></ul>

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Theme	Competencies
Business Records Keeping	<ul style="list-style-type: none"><li>• Define accounting</li><li>• Discuss importance of accounting</li><li>• Prepare beginning balance sheet</li><li>• Record the opening entry in the general journal</li><li>• Post the opening entry in the ledger</li><li>• Analyze business transaction</li><li>• Record business transaction</li><li>• Sort business transaction through posting</li><li>• Use income and expense accounts as contra capital account</li><li>• Analyze income and expense transactions</li><li>• Prepare six column worksheet</li><li>• Prepare income statement</li><li>• Prepare capital statement</li><li>• Prepare balance sheet</li><li>• Analyze the importance of six column worksheet, income statement, capital statement, and balance sheet</li></ul>

# **GENERAL BUSINESS EDUCATION**

**Teacher Guide**

**Grade 12**



**FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA  
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