



**KENYA INSTITUTE OF CURRICULUM DEVELOPMENT**

*Nurturing Every Learner's Potential*

# **FINANCIAL LITERACY LEARNERS' TOOLKIT**

**FOR JUNIOR AND SENIOR SCHOOL**



**LEARN.THINK.DO.**





**KENYA INSTITUTE OF CURRICULUM DEVELOPMENT**

**FINANCIAL LITERACY LEARNERS'  
TOOLKIT**

**For**

**JUNIOR AND SENIOR SCHOOL**

JANUARY, 2024



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## FOREWORD

The Kenya Institute of Curriculum Development (KICD) is mandated to develop, review and approve programmes, curricula and curriculum support materials that meet international standards for all levels of education. The Institute is also charged with the responsibility of printing, publishing and disseminating information relating to curricula for basic education and tertiary education and training.

The institute is currently spearheading the curriculum reforms via the Competency Based Curriculum (CBC) whose mission is nurturing every learner's potential for sustainable development. Among the rationale for reforming the education curriculum is to make it conform to global standards with regard to the 21<sup>st</sup> century skills of enabling the learner to be financially and economically literate. This can be realized by equipping the learner with financial literacy competencies.

Financial Literacy (FL) is the ability to understand and effectively use various financial skills such management of personal income, financial goal setting, budgeting, savings, investing. The purpose of developing this financial literacy toolkit for secondary school education is to enable the learner acquire knowledge, skills, values and attitudes in personal finance management.

The toolkit provides hands on learner centred activities and critical financial literacy concepts and skills. The toolkit covers seven salient components of financial literacy which include; personal income, financial goals, budgeting, savings, investment, entrepreneurship and ICT in personal finance management. The toolkit has also highlighted formal and non-formal dimensions that can enable the learner to achieve the specific FL concepts and skills. Financial literacy learners' toolkit will go a long way in the development of an essential 21<sup>st</sup> century skill of making learners financially and economically empowered.

I am greatly indebted to various individuals who participated in the development of Financial Literacy toolkit secondary school learners. We appreciate the technical and financial support provided by Old Mutual and Safaricom Limited. The gratitude is extended to Jacqueline Onyango, the Senior Deputy Director Basic Education Directorate (SDDBED), Eunice Gachoka, Senior Deputy Director Education Media Directorate (SDDEMD), Charles Mwambia, the Financial Literacy focal person for exemplary coordination. The Institute specifically appreciates the officers who developed the learners toolkit. George Kinuthia, Kevin Chetambe, Winfred Kitaka, Mollyne Achieng, John Waichoka, Lynet Murunga, Jane Arara, Arthur Musambai, Larry Onudi all from KICD. Also Geoffrey Etyang (TSC), Edwin

Maruti (MOE), Dorothy Ogongo (Thika School for the blind) and Hellen Kendi (Maara boarding), Catherine Macharia (Ndabibi Secondary school), Jacinta Musango (Mama Ngina Girls).

I also wish to acknowledge the input of Beatrice Wachira (KICD) for the typing services and administrative support to the writing team. We acknowledge the work of Catherine Mburu (KICD) for the design and layout of the toolkit. I am greatly indebted to all those who contributed to the development of this learner's toolkit.

I am confident that this toolkit will go a long way in ensuring that learners are financially and economically literate.



**PROF. CHARLES O. ONGO'NDO**

**DIRECTOR / CHIEF EXECUTIVE OFFICER**

**KENYA INSTITUTE OF CURRICULUM DEVELOPMENT**

## INTRODUCTION

This learners toolkit provides a planned and systematic learning approach for Financial Literacy (FL) concepts and skills to the learners in the age bracket(12-18years). (FL) in Kenya. The term Financial Literacy refers to the ability to understand matters related to finance. More specifically, it refers to knowledge, skills, values and attitudes on money management that allow an individual to make informed decisions relating to their financial resources. Financial literacy is generally the ability to understand how money works, and how to earn and utilize money wisely. It is one among a number of strategies directed towards encouraging change in consumer behaviour.

Financial Literacy is important as it enable a consumer to budget and manage income, save and invest efficiently. Today, financial markets have become increasingly sophisticated and households are assuming more responsibility and risk for financial decisions. Consequently, FL is essential for an individual to ensure their own financial well-being and also the smooth functioning of financial markets and the economy. The formal school curriculum recognizes both FL as a means to impart and nurture sound and acceptable financial culture and behaviour among citizens.

At Junior and Senior schools, FL is integrated into various subjects. This toolkit will help learners internalize and practice the concepts and skills. Moreover, it will allow for the development of more diverse and innovative ways to link FL to the subjects taught. The toolkit provides for learning of FL within the formal and non formal learning dimensions.



# UNIT 1: PERSONAL INCOME

## Introduction

This unit creates awareness on how personal income is acquired and managed. The content to be covered includes meaning, importance, sources and ways of generating income. It also covers taxation as well as ethical and unethical practices in generating and managing personal income. Knowledge and skills acquired will help you in sourcing and management of personal income for financial growth.

## Sub unit 1: Concept of income in personal finance

In this sub unit, you will learn about the meaning, importance and terms related to personal income. It will also enhance your knowledge, skills, attitude and values on terms related to personal income and skills on how to use money earned in day to day life.



### Activity 1: Observing pictures

Study the pictures labelled A, B, C and D and in pairs, perform the tasks below.

A



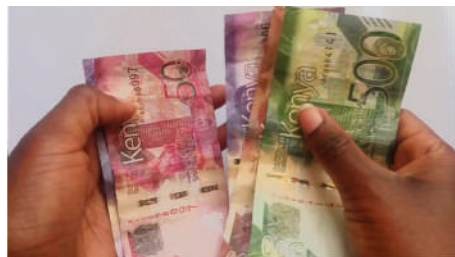
B



C



D





## Tasks

1. Identify the currencies in the pictures.
2. Discuss how the currencies are related to personal income.
3. Share with your peers in class or in the financial literacy club.



## Activity 2: Searching for information

Use available resources such as print and digital media to search for the information on the meaning and importance of income in personal finance and carry out the task that follow.



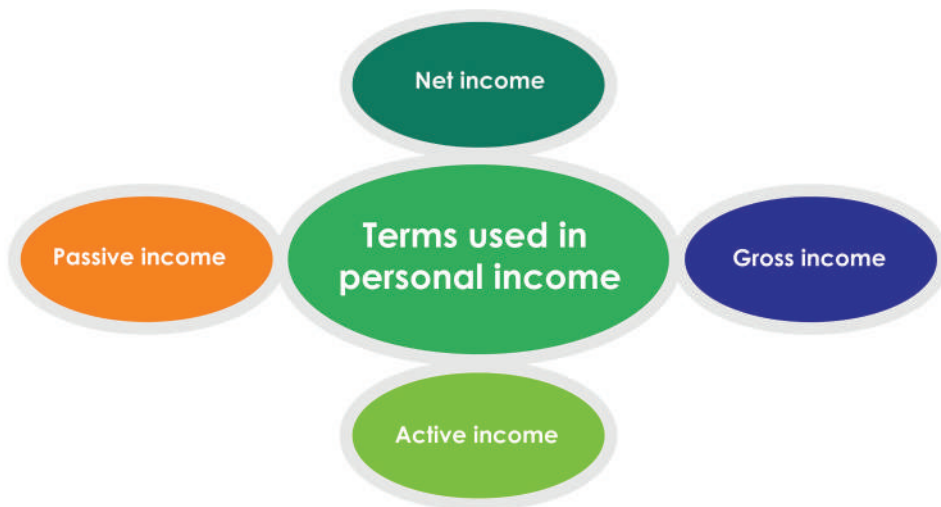
## Tasks

1. Explain meaning and importance of income in personal finance.
2. Write the main points of the discussion in your notebook.
3. Share with peers in class or in the financial literacy club.



## Activity 3: Studying the diagram

In pairs, study the diagram below and then do the tasks that follow.





## Tasks

1. Discuss each term in relation to personal income.
2. Write down the main points of the discussion in your notebook.
3. Share with peers in class or the financial literacy club.



## Extended activity

With the help of your parent or guardian, write a poem on importance of personal income and recite during the financial literacy club.



## Key Learning Points

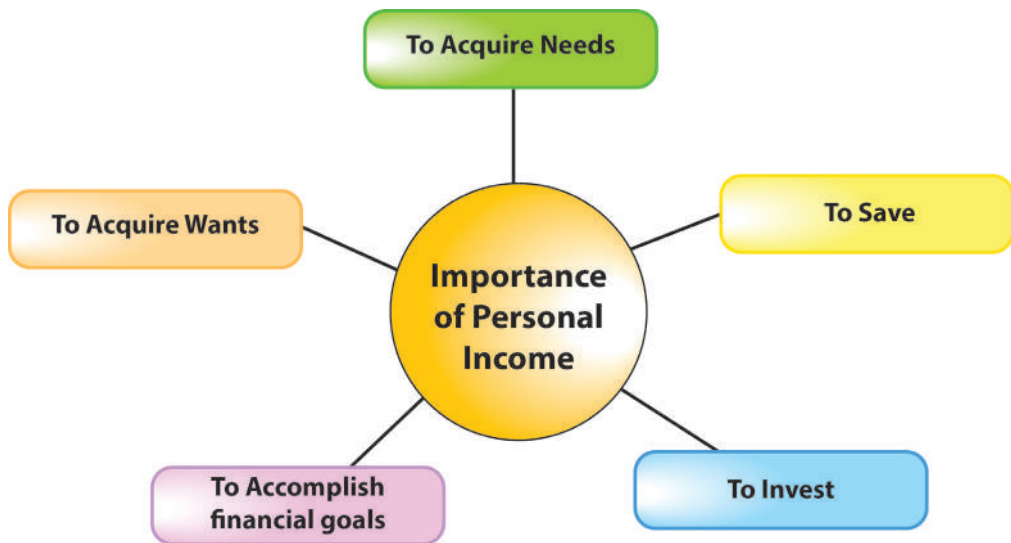
### Meaning of income

Personal income refers to the total earnings of an individual from various sources such as salaries, wages, dividends, interest income, royalties, commissions, rental income, business profits and income from talents and abilities.

### Terms used in personal income

- **Gross income:** Is the total amount of money an individual receives before taxation and other statutory deductions such as National Social Security Fund and Social Health Insurance Fund.
- **Net income:** Is the amount of money available to an individual for saving, spending or investment.
- **Active income:** Is money received as direct payment for work done. For example wages, salaries, commissions among others.
- **Passive income:** Is the money earned from investments such as rental properties, dividends from shares, interests from money deposited in the banks and money markets among others.

## Importance of personal income



### Parting shot

*Find ways to make money to remain financially healthy*



### Self-assessment

On a scale of 1-5, where 1 is 'Strongly Disagree' and 5 is 'Strongly Agree,' rate the extent to which you agree with the following statements.

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I can explain the meaning of personal income					
I can identify terms used in personal income					

I can relate terms used in personal income					
I can explain the importance of income in personal finance					

After completing the self-assessment, take a moment to review your responses. Identify areas where you rated yourself below 3, and consider these as potential areas for further learning.

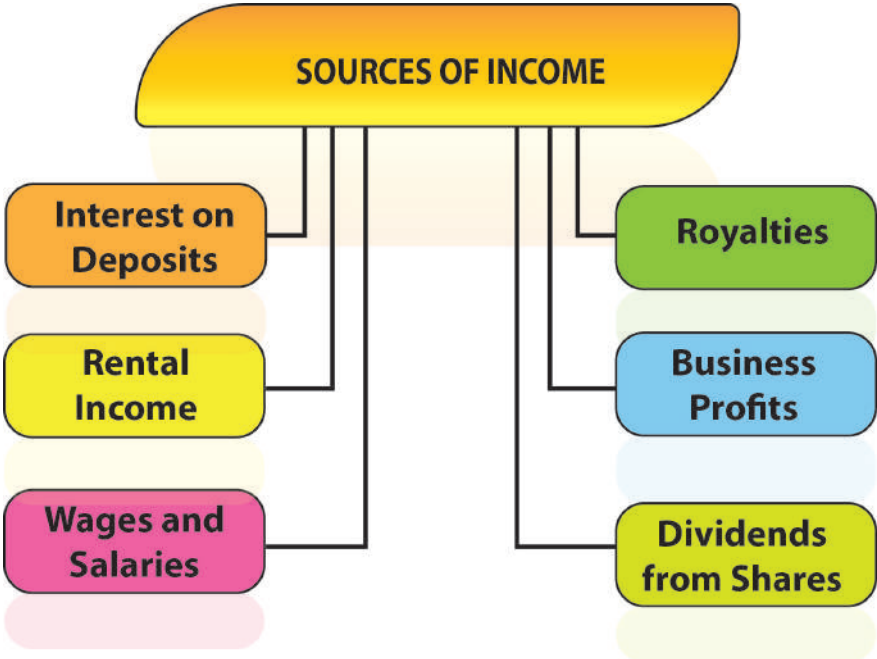
### Sub unit 2: Sources of income

This sub unit, covers various sources of income. You will acquire knowledge, skills, attitudes on sources of income.



#### Activity 1: Group discussion

In groups, study the diagram below and carry out the tasks that follow.





## Tasks

1. Discuss each of the sources of income in the diagram.
2. Write the main points of the discussion in your notebook.
3. Share with peers in class or in the financial literacy club.



## Activity 2: Reading a conversation

In pairs, read the conversation between Zawadi and Bakari and carry out the tasks that follow;

**Zawadi:** Good morning,

**Bakari:** Good morning, Zawadi

**Zawadi:** Please tell me, how do you earn a living?

**Bakari:** What do you mean?

**Zawadi:** I mean, how do you get money to pay your bills, taxes and other expenses?

**Bakari:** Well, I do very many things. To start with, I am a manager at Bidii company, I grow maize in my village and also have a grocery shop next to where I live.

**Zawadi:** That is wonderful! May I share what I do to earn a living also?

**Bakari:** Yes, go ahead.

**Zawadi:** Well, I have tried to diversify my sources of income, from having some rental houses in my hometown to money with Pamoja Savings and Credit Cooperative Society (SACCO). I am a doctor. During my free time I do freelance online writing.



## Tasks

1. Discuss the sources of income for Zawadi and Bakari as brought out in the conversation.
2. Write the main points of the discussion in your notebook.
3. Share with peers in class or in the financial literacy club.



## Extended activity

With the help of your parent or guardian design posters to show sources of personal income. Place the posters at strategic places in your school.



## Key Learning Points

### Sources of personal income

- Earnings from labour such as wages and salaries.
- Rental income earned from properties rented or leased out.
- Interest income generated from bank deposits, treasury bonds among others.
- Profits from business activities.
- Payments from pensions and other social security funds.
- Dividends earned from securities such as shares or stocks.



## Parting shot

*Know your source of income to plan your financial needs*



## Self assessment

On a scale of 1-5, where 1 is 'Strongly Disagree' and 5 is 'Strongly Agree,' rate the extent to which you agree with the following statements.

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I am able to identify the sources of income					
I can explain the sources of income					

I can categorise sources of income into either passive or active income					
---	--	--	--	--	--

After completing the self-assessment, take a moment to review your responses. Identify areas where you rated yourself below 3, and consider these as potential areas for further learning.

### Sub unit 3: Talents and abilities in generating income

This sub unit will cover talents and abilities as a way of generating personal income. You will acquire knowledge, skills, values and attitudes on how to earn personal income from talents and abilities.



#### Activity 1: Searching for information

Use available resources such as print and digital media to search for information on the meaning and importance of talents and abilities and in pairs, carry out the following tasks.



#### Tasks

1. Explain the meaning and importance of talents and abilities.
2. Differentiate between ‘talents’ and ‘abilities’.
3. Discuss how talents and abilities are used to generate personal income.
4. Write down the main points of the discussion in your notebook.
5. Share with peers in class or in the financial literacy club.

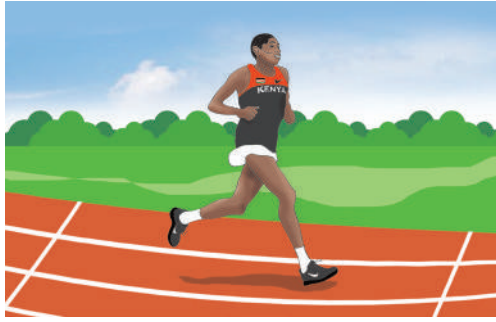


#### Activity 2: Observing pictures

In pairs, observe the pictures below and then carry out the tasks given.



A



B



C



D



E



F



G





## Tasks

1. Identify the talents and abilities displayed in the pictures.
2. Discuss how the talents and abilities can be used to generate income.
3. Reflect on your own talents and abilities and how you can use them to generate income.
4. Write down the main points of the discussion in your notebook.
5. Share with peers in class or in the financial literacy club.



## Extended activity

With the assistance of your teacher organise a talent show. In groups or in pairs decide on the talent or ability you will show case. Identify the resources you will require and prepare adequately. Present your work during the talent show.



## Key Learning Points

- A talent is an inborn skill that can be enhanced to create opportunities to make money.
- An ability is the capacity to perform a task based on one's skill, training or other qualifications.
- Talents and abilities are used in drawing, pottery, painting, running, woodwork, singing, dancing, comedy, playing instrument and acrobatics among others.
- Talents and abilities can be used as a way of generating income to earn a living.



## Parting shot

*Discover your talents and abilities to make money.*



## Self assessment

On a scale of 1-5, where 1 is 'Strongly Disagree' and 5 is 'Strongly Agree,' rate the extent to which you agree with the following statements.

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I can identify common types of talents among my peers					
I am able to identify my talents and abilities					
I can explain how talents can be used to generate income					

*After completing the self-assessment, take a moment to review your responses. Identify areas where you rated yourself 3, and consider these as potential areas for further learning.*

## Sub unit 4: Ways of managing personal income

This sub unit covers ways of managing personal income. You will acquire knowledge, skills, values and attitudes on methods one can use to manage income responsibly.



### Activity 1: Brainstorming

In groups, brainstorm on the following tasks.



#### Tasks

1. How to manage your pocket money at particular time.
2. Discuss on ways of managing personal income.
3. Write the main points of brainstorming in your notebook.
4. Share the findings with peers in class or in the financial literacy clubs.



### Activity 2: Searching for information

Use available print and digital media to search for information on ways of managing personal income in personal finance and in pairs, carry out the tasks that follow.



#### Tasks

1. Explain the meaning and importance of income in personal finance.
2. Discuss ways of managing personal income.
3. Write down the main points of the discussion in your note book.
4. Share the findings with peers in class or in the financial literacy clubs.



### Extended activity

Write the methods used in managing personal income on flash cards. With the help of your parent or guardian pick a flash card randomly. Ask your parent to help you on how each of the methods can be used.



## Key Learning Points

The methods one can use to manage personal income responsibly to realise financial stability are as follows;

- **Setting financial goals:** Set realistic and attainable financial goals that are important to your financial success achievable at a given period of time.
- **Budgeting:** Set out a budget to clearly allocate money for necessities, wants, savings and debt payment.
- **Saving:** Keep a portion of your income for unforeseen emergencies and investment to ensure financial health and stability.
- **Investment:** Put your money on activities to earn more income for financial health or wellbeing.



### Parting shot.

*“Personal finance is 20% knowledge and 80% behaviour” – Dave Ramsey*



### Self assessment

On a scale of 1-5, where 1 is ‘Strongly Disagree’ and 5 is ‘Strongly Agree,’ rate the extent to which you agree with the following statements.

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I am able to identify ways of managing income					
I can explain how each of the ways of managing income					

I can help my peers understand different ways of generating income online					
---	--	--	--	--	--

After completing the self-assessment, take a moment to review your responses. Identify areas where you rated yourself 3, and consider these as potential areas for further learning.

### Sub Unit 5: Taxation

This sub unit, covers the concept, types and principles of taxation as a source of government revenue. You will acquire knowledge, skills, values and attitude on taxation.



#### Activity 1: Group discussion

In groups, carry out the following tasks.



#### Tasks

1. What is the meaning of a tax?
2. Why are taxes important to the government of Kenya?
3. Write the main points in your notebook.
4. Share with peers in class or in the financial literacy clubs.



## Activity 2: Reading a passage

Read the following passage and in groups do the tasks that follow.

### **PRINCIPLES OF TAXATION**

Taxation is the main source of raising government revenue. In order to raise enough money, governments impose taxes on workers, business, goods and services both produced in the country and imported.

It is essential that an effective tax system is considered. This includes the guiding principles that ensure fair, reasonable and acceptable taxation. Over taxation has a direct impact on people's earnings and prices of goods and services which reduces access to some basic needs. Adam Smith and David Ricardo categorized principles into four, namely. **Equity and fairness**; the citizens of every country need to pay tax according to the income they earn. **Certainty**; the amount of tax each individual pays should be known, how the amount to be paid is determined, the time of payment, the manner of payment must all be clear and plain to the tax payer and to every other person. **Convenience of payment**; every tax is levied at the time, or in the manner in which it is easy to pay. **Simplicity**; Simple tax laws are necessary so that taxpayers understand the rules and can comply with them correctly and in a cheaper manner.



### Tasks

1. Discuss the principles of taxation as explained in the article.
2. Write the main points of discussion in your notebook.
3. Share with peers in class or in the financial literacy club.



### Activity 3: Matching exercise

Study the tables and in groups perform the task below.

Type of tax	Meaning
Pay As You Earn(PAYE)	Is a consumption tax on goods and services levied at each stage of the supply chain where value is added, from initial production to the point of sale
Value Added Tax(VAT)	Is any duty on manufactured goods that is levied at the moment of manufacture rather than at sale.
Custom Duty	Taxes from those who work for pay levied at source
Rental income Tax	The money an employer deducts from employees gross wages and pays directly to the government
Withholding tax	Taxes levied on goods imported from other countries
Excise Duty	Imposed on rental income



### Tasks

1. Match each type of Tax to its meaning.
2. Discuss the type of taxes.
3. share with peers in class or in the financial literacy clubs and societies.





## Extended activity

Visit any nearby Kenya Revenue Authority(KRA) office. Interact with a resource person and ask about the importance of taxation and the principles of a good tax system.



## Key Learning Points

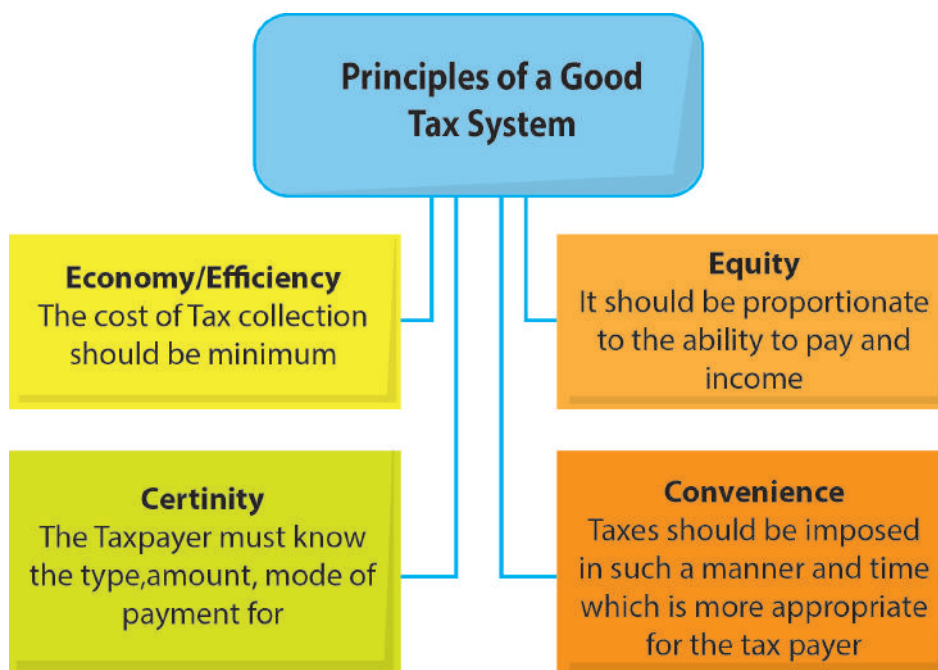
Tax is a compulsory payment by citizens to the government.

### Importance of taxation

- Taxes provide government revenue for provision of essential services for its citizens. Such include social amenities, education, Health care and security.
- Finance expenditure on road constructions and infrastructure that support entrepreneurship for economic development.
- Provision of resources required for debt management and paying salaries for civil servants and provision of essential services
- Reduction of income inequalities between low- and high-income earners.
- promote local and foreign investment through provision of incentives such as tax holidays and exemptions.
- limit the consumption of products considered harmful to human health through adjustment of excise duty and custom duty.

## Principles of a Good Tax system

Appropriate tax system must be fair, certain, convenient and efficient and compatible with taxpayers' ability to pay proportionate tax from income earned. see the diagram for essentials of tax.



## Types of taxes

1. **Corporation Tax:** This is Income Tax levied on Limited companies, Trusts, and Co-operatives, on their annual income.
2. **Pay As You Earn (PAYE):** This is tax collected at source from individuals in gainful employment, this includes salaries and wages.
3. **Withholding Tax (WHT):** This is a tax levied on the following sources of income:  
*Interest, dividends, royalties, consultancy fees, commissions, Pensions, Rent received by non-residents*
4. **Advance Tax:** This is a tax paid in advance by public service vehicle or a commercial vehicle before they are taken for annual inspection and certification road worth.
5. **Value Added Tax (VAT):** This is a consumption tax on goods and services charged at each stage of production.

6. **Excise duty:** This is tax charged on excisable goods and services manufactured in Kenya or imported, such as mineral water, soft drinks, cosmetics, beer, mobile phones and transfer of money.
7. **Capital Gains Tax:** This is tax charged on profits earned to a company or an individual upon transfer of property.



### Parting shot

*“Tax payment is a responsibility”*



### Self-assessment

On a scale of 1-5, where 1 is ‘Strongly Disagree’ and 5 is ‘Strongly Agree,’ rate the extent to which you agree with the following statements.

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I can explain the meaning and importance of taxation					
I can identify the different types of taxes					
I can explain the principles of a good tax system					

*After completing the self-assessment, take a moment to review your responses. Identify areas where you rated yourself 3, and below and consider these as potential areas for further learning.*

## Sub Unit 6: Ethical and unethical practices in generating income

This sub unit covers ethical and unethical practices in income generation. You will acquire knowledge, skills, attitudes and values in ethical practices in generating income.



### Activity 1: Group Discussion

In groups, perform the following tasks.



#### Tasks

1. Explain the meaning of the following terms in relation to income generation.
  - a) Ethical practices.
  - b) Unethical practices.
2. Discuss the ethical practices in generating income in a business and in the society.
3. Discuss the Unethical ways of generating income in businesses and in the society.
4. Share with peers in class or financial literacy club.



### Activity 2: Debating

During financial literacy club, carry out a debate on the motion “*The source of income matters*”



#### Tasks

1. Organise yourselves into two teams.
2. Select a team leader and a secretary for each team.
3. Debate on the motion: “**The source of income matters**”

4. After the debate let the group leaders read out the points raised by each team.



### Activity 3: Reading a case scenario

Read the following case scenario and in pairs, perform the tasks that follow.

*A hawker sells textbooks, mathematical sets, figure tables and social studies maps for various grades to schools in his neighbourhood. He gets the items from thieves who steal books from various schools and sell to him at low prices which is a third of the market recommended prices. The book sellers in the same town buy their stationery and other items from established publishers and wholesale shops. This makes their retail prices relatively higher compared to the hawker's prices. One morning, the other book sellers invaded the hawkers shop and demanded the reasons why he sells his goods at very low prices denying them customers. After investigating, he realized that, goods sold to him are stolen from schools, he reported the case to the police and the thieves were arrested.*



### Tasks

1. Identify the ethical and unethical ways of generating income in the passage.
2. Write the main points of discussion in your notebook.
3. Share with peers in class or financial literacy club.



### Extended activity

With the guidance of your parent or guardian identify ethical and unethical ways of generating income. Prepare posters and place them on strategic places in your school.



## Key Learning points

### Ethical and Unethical practices of generating income

Ethical practices	Unethical practices
<ul style="list-style-type: none"><li>• Finding a job to receive pay or earnings;</li><li>• Running a licensed business to generate income;</li><li>• Generating revenue from your talents, skills and abilities,</li><li>• Investing in construction of houses to earn rent</li><li>• Interest and dividends from bonds and investment</li></ul>	<ul style="list-style-type: none"><li>• Giving false information on the quality of goods;</li><li>• Selling substandard and counterfeit goods</li><li>• Selling expired good to customers</li><li>• Giving and receiving bribes</li><li>• Avoiding paying tax on income</li><li>• Operating a business without a licence</li></ul>



### Parting shot

*“Moral values define ethical practices”*



## Self assessment

On a scale of 1-5, where 1 is 'Strongly Disagree' and 5 is 'Strongly Agree,' rate the extent to which you agree with the following statements.

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I can explain the meaning of the terms ethical and unethical in income generation					
I am able to identify ethical practices in income generation					
I am able to identify unethical practices in income generation					

*After completing the self-assessment, take a moment to review your responses. Identify areas where you rated yourself below 3 and below, and consider these as potential areas for further learning.*

# UNIT 2: FINANCIAL GOALS

## Introduction

Setting financial goals is essential for effective money management and long-term financial success. This unit covers needs, wants, goods and services for effective financial planning. You will acquire knowledge, skills, values and attitudes on financial goal setting.

## Sub Unit 1: Needs and wants

This sub unit covers the meaning and characteristics of needs and wants. You will acquire Knowledge, skills, values and attitudes on human needs and wants.

### Meaning and characteristics of needs and wants



#### Activity 1: Searching for information

Use available resources such as print and digital media to search for information on the meaning and characteristics of needs and wants and in groups, carry out the following tasks.



#### Tasks

1. Explain the meaning of needs and wants.
2. Discuss the characteristics of needs and wants.
3. Write the main points of the discussion in your notebook.
4. Share with peers in class or in the financial literacy club.



#### Activity 2: Observing pictures

Study the pictures and in groups, carry out the task that follow.





A



B



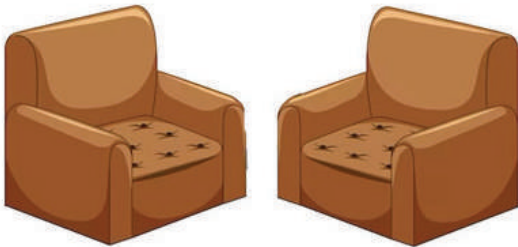
C



D



G



H



I





### Task

Group the items items as either needs or wants in the table below.

Needs	Wants



### Extended activity

With the help of your parents, guardians or friends, create a table classifying needs and wants at home.



### Key Learning Points

**Needs:** Refer to the essential things that are necessary for survival. Examples: Food, clothing and shelter. These are the basic requirements for human existence and development.

**Wants:** Are things one can do without, they only enhance the quality of life. Examples; Car, entertainment, radios, TVs, holidays, motorcycles, phones, among others.

### Characteristics of needs and wants

Needs	Wants
Items that are necessary for human survival. The needs are food, shelter and clothing.	Items one can live without. For example: bicycle, television among others.
Limited to food, shelter and clothing.	Unlimited. There are very many.
Necessity - one cannot do without.	Luxury - one can do without.

Remains constant

May change with time.



### Parting shot

*Needs are essential for survival, wants are desirable for comfort.*



### Self-assessment

On a scale of 1-5, where 1 is 'Strongly Disagree' and 5 is 'Strongly Agree,' rate the extent to which you agree with the following statements.

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I can differentiate between needs and wants					
Food, shelter and clothing are necessary for our survival					
Needs and wants are just the same.					
Needs are limited while services are unlimited					
Needs are a necessity while service are luxuries that we can do without					

*After completing the self-assessment, take a moment to reflect on your responses, identify areas where you rated yourself 3 and below and consider these as potential areas for further learning.*

## Sub unit 2: Goods and services

This sub unit will cover the meaning, characteristics and methods of obtaining goods and services. You will acquire knowledge, skills, values and attitudes on goods and services.

### Meaning and characteristics of goods and services



#### Activity 1: Searching for information

Use available resources such as print or digital media to search for information on the meaning and characteristics of goods and services and in groups, carry out the following tasks.



#### Tasks

1. Explain the meaning of goods and services.
2. Discuss your findings.
3. Write the main points in your notebook.
4. Share with peers in class or in the financial literacy club



#### Activity 2: Observing pictures

In groups, study the pictures below and answer the question that follow.

1



2



3



4



5



6



**Task**

1. Identify goods and services in the pictures and fill in the table below:

Picture No	Good or Service
1	
2	
3	
4	
5	
6	



### Activity 3: Brainstorming

In pairs, carry out the following tasks.



#### Tasks

1. Brainstorm on the characteristics of goods and services.
2. Write main the points in your notebook.
3. Share with peers in class or in the financial literacy club.



### Activity 4: Reading a chart

Zuri went to the library and searched for the characteristics of goods and services and wrote them down on a chart. Study the chart and in groups, carry out the tasks that follow.

#### Services

Intangible

Heterogeneous

Produced in Buyer Seller interaction

Production, Distribution & Consumption takes place simultaneously

Consumers participate in production

Cannot be stored

Transfer of ownership cannot take place

#### Goods

Tangible

Homogeneous

Produced in factory

All three are separate & independent

Consumers don't generally participate

Can be stored

Transfer of ownership does take place



## Tasks

1. Discuss the characteristics of goods and services based on Zuri's search.
2. Write the characteristics of goods and services in your notebook.
3. Share with peers in class or in the financial literacy club.

### Ways of acquiring goods and services



#### Activity 5: Searching for information

Use available resources such as print or digital media to search for information on the ways of acquiring goods and services and in pairs, carry out the following tasks.



## Tasks

1. Discuss with peers the ways of acquiring goods and services.
2. Write the main points in your notebook.
3. Share with peers in class or in the financial literacy club.



#### Activity 6: Reading a case study

In groups, read the case study provided and on ways of acquiring goods and services and carry out the tasks that follow.

*Zawadi, a young professional, was recently promoted and got a pay rise at work and is now thinking of various ways to enhance his lifestyle. He is interested in upgrading his living room by acquiring new furniture, electronics, kitchen utensils and decoration items and hire a painter to give his living room a fresh look. However the income is not adequate*



## Tasks

Based on Zawadi's case,

1. Brainstorm on different ways in which Zawadi would use to acquire goods and services to upgrade his living room.
2. Write the main points in your notebook.
3. Share with peers in class or in the financial literacy club.



## Extended activity

Visit a local market in your neighborhood and take note of the goods and services offered.

- Create a table showing the different goods and services offered at the market.
- Discuss the characteristics of goods and services you listed from the market with your peers.
- Share with peers in class or in the financial literacy club.



## Key Learning Points

**Goods:** are physical commodities or items that can be touched or felt.

**Services:** are intangible actions or tasks performed by one party (the service provider) for another party (the service recipient) for example, insurance, teaching, nursing among others.

### Characteristics of Goods

- Physical items or commodities.
- Can be touched or felt.
- Can be standardised.
- Can be transferred from the owner to the buyer.
- Can be stored and used in future.



## Characteristics of Services

- Non-physical items or commodities.
- Cannot be touched or felt.
- Cannot be standardised.
- Cannot be transferred from the owner.
- Cannot be stored for the future

## Goods and services are acquired through:

- Purchase: Getting goods and services by buying.
- Leasing or Renting: Hiring of property.
- Gifts: Getting items without any expectation of payment.
- Subscription: Recurring payment to access a service for a specific period. For example, post paid services.
- Production: Creating your own goods and services.
- Inheritance: Getting goods from family property.
- Obtaining goods on credit basis: Getting goods to pay at a later date.
- Save: Putting small amounts aside on monthly basis to buy item in future.



### Parting Shot

*The true value of goods and services is not just in their price but in the satisfaction they bring to the consumer.*



## Self- assessment

On a scale of 1-5, where 1 is 'Strongly Disagree' and 5 is 'Strongly Agree,' rate the extent to which you agree with the following statements.

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree
Goods are physical items that can be seen and touched.					
Goods are perishable and cannot be stored for later use, while services can be preserved.					
Goods may be returned if defective					
Services are not always refundable if they do not meet expectations.					
Goods can be standardized in terms of quality and specifications.					
Services may vary in quality depending on the provider.					

*After completing the self-assessment, take a moment to reflect on your responses, identify areas where you rated yourself 3 and below and consider these as potential areas for further learning.*

## Sub Unit 3: Financial goals

This This sub unit, covers the meaning, importance, types of financial goals and how to set them. You will acquire knowledge, skills, values and attitudes in setting financial goals.

### Meaning and importance of financial goals



#### Activity 1: Reading a Story

In groups, read the story of Zuri and carry out the tasks that follow.

*In the village of Mapunda, Zuri's financial journey opened after attending a workshop on setting financial goals. A financial goal is like a target you set for yourself about money. It's what you want to achieve with your money, like saving for a trip, plot, car among others or anything else you want. She started by assessing her income, expenses, and debts, she focused on saving and came up with a budget. Her goal at first was the creation of a kitty fund for emergencies, to provide a safety net for unplanned expenses that may arise. Achieving this step not only boosted her confidence but also stressed the importance of setting financial goals.*

*Encouraged by her success, Zuri aimed higher. She set her second goal of reducing debts through disciplined budgeting and additional income sources. Zuri's experience lit up the driving power of financial goals they weren't just numbers but a way to financial freedom. Her journey motivated residents in Mapunda village, encouraging prompting others to reconsider their financial paths. Zuri's story demonstrates that through determination, financial discipline, and a clear vision, anyone can travel the path to financial success and finally attaining financial stability and independence.*



#### Tasks

1. Explain the meaning of financial goals in relation to Zuri's story.
2. What did Zuri do to achieve her financial goals?
3. Discuss the importance of setting financial goals.
4. Write the main points in your notebook.
5. Share with peers in class or in the financial literacy club.



## Activity 2: Reading a resource person's speech

The teacher invited a resource person to talk about the importance of setting financial goals. In groups, read the speech and in groups carry out the tasks that follow.

### Title: The power of financial goals

*“Good afternoon everyone,*

*I am honored to stand before you today to discuss a topic that plays an important role in our lives—**financial goals**. In a world filled with various commitments and responsibilities, having a clear and well-defined financial plan is important. Financial stability is not a destination; it's a journey that requires careful planning, financial discipline, and setting clear and achievable financial goals.*

*Let's begin by defining financial goals.*

*Financial goals are targets you set for yourself about money. It's what you want to achieve with your money, like saving for a toy, a trip, , buying a house among others.*

#### **Why set financial goals?**

**Direction and purpose:** *Goals provide us with direction and purpose in our financial journey.*

**Motivation and discipline:** *They act as powerful motivators, keeping us disciplined and focused on our financial decisions.*

**Emergency preparedness:** *Planning for emergencies to ensure financial flexibility in unpredictable times.*

**Wealth building:** *Lays the foundation for wealth building, guiding in making informed decisions for long-term financial growth.*

**Peace of mind:** *Working towards specific financial objectives reduces stress, bringing peace of mind and a secure future.*

*In conclusion, setting financial goals is about securing your future, achieving dreams, and attaining financial freedom. Let's embark on this journey together, armed with clear goals, determination, and the knowledge that our financial success lies within our understanding.*

*Thank you.*



## Tasks

1. Discuss the importance for financial goal setting from the resource person's speech.
2. Write the main points of the discussion in your notebook.
3. Share with peers in class or in the financial literacy club.

### Types of financial goals in personal finance



## Activity 4 - Searching for information

Use available resources such as print and digital media to search for information on the types of financial goals and carry out the following tasks.



## Tasks

1. Discuss the types of financial goals.
2. Write down your discussion points in your notebook.
3. Share with peers in class or the financial literacy club.



## Activity 5. Reading a conversation

Read the conversation between Tom and Mary on financial goals and carry out the tasks that follow.

**Tom:** Hey Mary, have you ever thought about setting financial goals? I attended a workshop, and it was eye-opening!

**Mary:** Really? I've heard about it, but I'm not sure where to start. What kinds of goals are there?

**Tom:** There are different types! Like short-term goals, which are for things you want soon, like saving for a vacation or a new phone gadget.

**Mary:** Ah, got it! What about the long-term ones?

**TOM:** Long-term goals are for the future. Like saving for a house, investing for retirement, or even your kids' education.

**Mary:** Interesting! And what about those in between short and long term?

**Tom:** Those are mid-term goals. They could be paying off a loan, like a car or a student loan, or saving for a big purchase, say a new laptop.

**Mary:** So, what's your financial goal?

**Tom:** I started with an emergency fund, you know, just in case unexpected things happen. Next, I'm thinking of saving for buying or building a home!

**Mary:** That's awesome, Tom! I guess setting goals helps you plan and make your dreams happen.

**Tom:** Absolutely, Mary! It gives you direction and purpose, and it feels amazing when you achieve them. What about you? Any financial goals in mind?

**Mary:** Well, now that you've explained it, I'm thinking of starting with a short-term goal, maybe saving for a vacation in mombasa. Thanks for sharing, Tom!

**Tom:** Anytime, Mary! It's never too late to start planning for your future. Let me know if you need any help figuring out your goals!



## Tasks

1. Discuss the types of financial goals and their examples as given in the conversation.
2. Write down the main points in your notebooks.
3. Share with peers in class or in the financial literacy club.

## Factors to consider when setting financial goals



### Activity 7: Searching for information

Use available resources such as print or digital media to search for information on the factors to consider when setting financial goals and in groups, carry out the following tasks.



#### Tasks

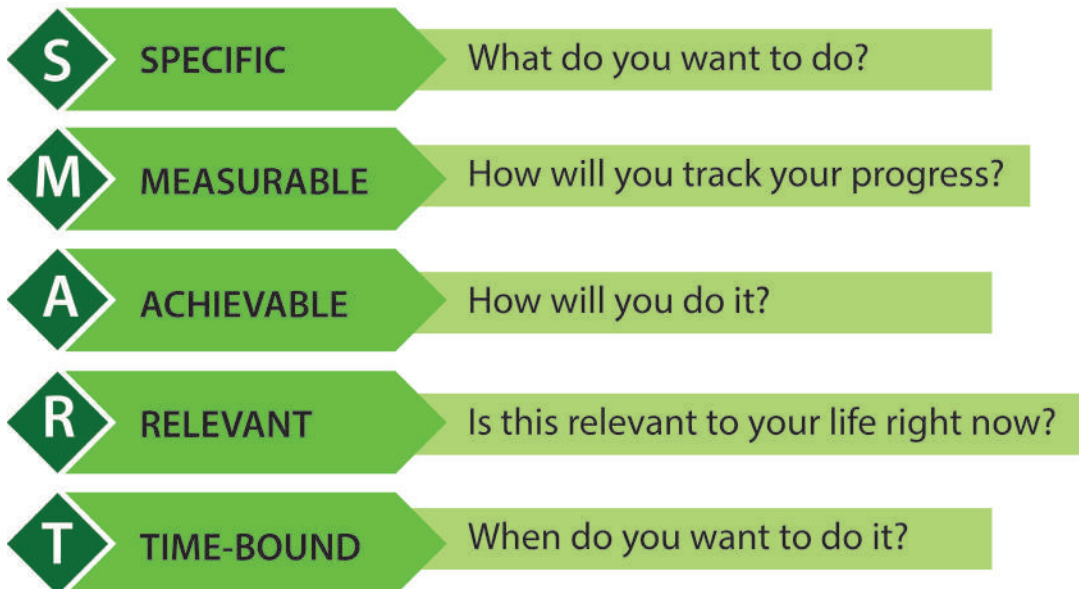
1. Discuss the factors to consider when setting financial goals.
2. Write the main points of the discussion in your notebook.
3. Share with peers in class or in the financial literacy club.



### Activity 8: Reading a chart

In groups, study the chart below showing factors to consider when setting financial goals and carry out the tasks that follow.

## SMART GOALS





## Tasks

1. Discuss **SMART** criteria when setting financial goals as presented in the chart.
2. Discuss other factors to consider when setting financial goals.
3. Write the main points of the discussion in your notebook.
4. Share with peers in class or in the financial literacy club.

## Setting Financial Goals



### Activity 9: Studying a chart

In groups, study the chart on the process of financial goal setting and carry out the tasks that follow.







## Tasks

1. Discuss the steps of setting financial goals.
2. Write the main points of the discussion in your notebooks.
3. Share with peers in class or in the financial literacy club.



## Activity 10: Filling in a goal-setting template

You are provided with a goal setting template.

### Goal Setting Template

My Financial Goals	Duration/ Time Frame	Cost/ Amount	Actions Plan	Review
Short term goals 1. 2. 3.				
Medium term goals 1. 2. 3.				
Long term goals 1. 2. 3.				



## Tasks

In groups:

1. Brainstorm and write down your financial goals.
2. Ensure they meet the **SMART** criteria.
3. Be creative and work collaboratively as you come up with ideas.
4. Share with peers in class or in the financial literacy club.



## Extended activity

With the help of your Parent or guardian:

1. Set your family financial goals.
2. Write down the financial goals in your notebook.
3. Share with peers in class or in the financial literacy club.



## Key Learning Points

Financial goals are plans for how to use money or targets you set for yourself about money. It's what you want to achieve with your money, like saving for a holiday, buying a piece of land among others.

### Importance of financial goals:

- They give you direction and purpose, helping you know where you are going.
- You can figure out how much to save, and hence know how much money to put aside.
- It helps you stay focused by keeps you on track and helps you make good decisions with your money.
- Wealth Building as it lay the foundation for wealth building, guiding in making informed decisions for long-term financial growth.

### Types of Financial Goals

- Short-term financial goal: Goals set to be and achieved within 1 to 12 months (1 year). For example: Saving for a vacation, creating an emergency fund for unexpected expenses, or purchasing a new smartphone.
- Mid-term financial goal: Goals set to be achieved over 1 to 5 years. For example: Paying off a car loan, saving for a down payment on a home, or funding a mid-term vacation plan.
- Long-term Financial goal: Goals set to be achieved over 5 years or more. For example: Contributing to a retirement account for financial security during retirement, saving for a child's education, or purchasing a house.

## When setting financial goals, consider the following factors:

- **Specific:** should be defined Clearly
- **Measurable:** should be quantifiable in number
- **Achievability:** should be attainable.
- **Relevance:** align goals with broader life objectives.
- **Time-Bound:** set specific timeframes for goal achievement.
- **Cost:** cost of the things you want to achieve the goal
- **Monthly Savings:** the amount of money available to save on monthly basis
- **Financial Discipline:** sticking to your savings and investment plans
- **Spending Patterns:** our spending habits determines the amount available for your saving plan

## Steps of setting financial goals

- **Define your goals:**

Make a list of what you want, like saving for a cool house or planning for your retirement.

- **Sort your goals:**

Put them into groups like short-term (things you want soon), medium-term (a bit later), and long-term (far into the future).

- **Cost your goals:**

Figure out how much money you need for each goal and decide which ones are super important and need money first.

- **Time Frame:**

Think about when you want these things to happen.

- **Implement the Plan:**

Actualise your financial goals

- **Review:**

Look at your goals regularly. If things change or you want something else, adjust your plan when need be.



### Extended activity

1. Prepare financial goals for your family during the school holiday.
2. Share with parent or guardian, peers in class or in the financial literacy club.



### Parting shot

*“By failing to plan, you are preparing to fail” - Benjamin Franklin*



### Self - assessment

On a scale of 1-5, where 1 is ‘Strongly Disagree’ and 5 is ‘Strongly Agree,’ rate the extent to which you agree with the following statements.

Statement	Strongly disagree 1	Disagree 2	Not Sure 3	Agree 4	Strongly agree 5
I can explain the meaning of the financial goals					
I can explain the importance of financial goal setting.					
I can explain all the factors to consider when setting financial goals.					
I can set my SMART financial goals while in school					

*After completing the self-assessment, take a moment to reflect on your responses, identify areas where you rated yourself 3 and below and consider these as potential areas for further learning.*

# UNIT 3: BUDGETING

## Introduction:

This unit covers the meaning and importance of making a budget, factors to consider when making a budget, wise spending, financial discipline as well as good and bad practices in budgeting. Knowledge, skills, values and attitudes acquired will help you in budgeting.

## Sub unit 1: Meaning and importance of budgeting

This sub unit covers the meaning and importance of budgeting. You will acquire knowledge, skills, values and attitudes on importance of budgeting.



### Activity 1: Group discussion

In groups, carry out the following tasks:



### Tasks

1. What is a budget?
2. What is the meaning of the term budgeting?
3. Why should you plan before spending money?
4. Share with your peers in financial literacy club.



## Activity 2: Observing and reading speech bubbles

Observe the speech bubbles and answer the questions that follow:



C. ....

1. Why is it important to budget our income?
2. Other than the points from speech bubbles, what are the other benefits of budgeting?



## Activity 3: Role playing

In groups,

1. Role play decisions to be made when purchasing within a budget. It should focus on why it is important to have financial discipline while spending.
2. Bring out the scenario of a character with a budget and without.



## Extended activity

With the assistance of your parent or guardian,

1. discuss the importance of preparing a budget at home.
2. Write the main points of the discussion in your notebook.
3. Share with peers in class or the financial literacy club.



## Key Learning Points

- **Budget:** is a spending plan prepared for a given period of time.
- **Budgeting:** is the process of planning how you will spend your money.

### Importance of a budget

- It helps one to track their income and expenses.
- Budgeting provides a structured plan for managing finances.
- It helps to promote financial discipline.
- It helps one to avoid unplanned spending.
- Helps one to control personal spending.
- It promotes the saving culture

### Importance of financial discipline

- Enhances wise income spending.
- Enhances achievement of personal financial goals.
- Enables one to save toward achieving financial goals
- Enables one to spend within the budget
- Enables one to invest



## Parting shot

*Financial discipline is key in budgeting*



## Self -assessment

On a scale of 1-5 where 1 is ‘*Strongly Disagree*’ and 5 is ‘*Strongly agree*’, rate yourself on the extent to which you agree with the following statements

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly Agree 5
I can explain the meaning of a budget and budgeting					
I am able to explain the importance of budgeting					

After completing the self-assessment, take a moment to reflect on your responses. Identify areas where you have rated yourself 3 and below consider these as potential areas for further learning.

## Sub unit 2: Factors to consider when preparing a budget

This sub unit covers the factors to consider when making a budget. You will acquire knowledge, skills, values and attitudes on what to consider when making a budget.



### Activity 1: Searching for information

In groups, use relevant resources such as print or digital media to search for information on factors to consider when making a budget and carry out the tasks that follow.





## Tasks

1. Discuss the factors to consider when preparing a budget.
2. Write the main points of the discussion in your notebook.
3. Share with peers in class or in the financial literacy club.



## Activity 2: Reading a conversation

Read the conversation between Zuri and her mother and in pairs, do the tasks that follow.

Zuri and her mother are preparing a budget for their household expenses

**Zuri:** Mom, please include a dress for me in our budget.

**Mother:** No Zuri, not this time.

**Zuri:** But why mom? I need a new dress!

**Mother:** The money I have cannot allow me buy you a dress, besides, you have many nice dresses.

**Zuri:** I know mom, but I want another one.

**Mother:** That is not a priority for now, we need to consider what is more important. I need to pay your school fees first, pay our rent and buy groceries. We also need to spare some money for savings and emergencies.

**Zuri:** But mom.....

**Mother:** Zuri, it is important to prioritize your needs to avoid stress. I promise to buy you a new dress over the holiday.

**Zuri:** Thank you mom. I will wait for another time.



## Tasks

1. Discuss the factors Zuri's mother considered when making a budget.
2. Write the main points of the discussion in your notebook.
3. Share with peers in class or in the financial literacy club.



## Extended activity

With the assistance of your parent or guardian;

1. Discuss the factors to consider when preparing a family budget .
2. Write the main points of the discussion in your notebook.
3. Share with peers in class or the financial literacy club.



## Key Learning Points

### Factors to consider when preparing a budget

- **Net Income:** This will determine the allocation to saving, needs and wants.
- **Saving:** The amount to put aside for emergencies and investments. This should be at least 20% of your income.
- **Needs:** The allocation for the basic need i.e food, clothing and shelter. This should be at least 50% of your income.
- **Wants:** The allocation to things you can do without. This should be at least 30% of your income
- **Financial discipline:** This is a personal commitment to stick to the budget or the saving or investment plans.
- **Time frame:** The period for which the budget is prepared.



## Parting shot

*Budgeting is about having control over your money and not your money having control over you.*



## Self-assessment

On a scale of 1-5 where 1 is ‘*Strongly Disagree*’ and 5 is ‘*Strongly agree*’, rate yourself on the extent to which you agree with the following statements

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I always consider my income while budgeting					
I usually prioritise my needs when budgeting					
I often have my saving goals when budgeting					

*After completing the self-assessment, take a moment to reflect on your responses. Identify areas where you have rated yourself 3 and below consider these as potential areas for further learning.*

## Sub unit 3: Preparing a personal budget

This sub unit covers the preparation of a personal budget. You will acquire knowledge, skills, values and attitudes on preparing a personal budget.



### Activity 1: Observing a picture

Study the picture and in pairs, perform the task that follow.



### Tasks

1. Discuss with peers what you have observed from the picture.
2. Relate what is happening in the picture to how you use your pocket money.
3. Share with your peers in class or the financial literacy club.



## Activity 2: Searching for information

In groups, use relevant resources such as print or digital media to search for information on components of a budget and carry out the tasks that follow.



### Tasks

1. Discuss the components of a budget.
2. Write the main points of the discussion in your notebook.
3. Share with peers in class or in the financial literacy club.



## Activity 3: Group discussion

Use the link provided to search for information on the steps of making a budget and carry out the following tasks.

<https://www.oldmutual.co.za/corporate/resource-hub/all-articles/heres-how-to-create-a-budget-and-stick-to-it/>



### Tasks

1. Discuss the steps of making a budget.
2. Share with peers in class or the financial literacy club.



## Activity 4: Making a personal budget

**In groups,**

1. Write a budget for yourself, with the assumption that you have an income of kshs. 50,000 from farming.
2. Fill in the spaces provided by allocating income to savings and expenditures.
3. Display your budget to other teams, and give reasons why you think your budget is the best.

<b>Income</b>	<b>Amount (in Kshs.)</b>
Income from farming	50,000.00
Total income	
<b>Expenditure</b>	
Savings	
Food	
Rent	
Airtime	
Entertainment	
Stationery	
<b>Total Expenditure</b>	

**NOTE:**

- When in a budget the total income is equal to the total expenditures, then the person is **living within his/her means**.
- If the total income is less than the total expenditures, it means there is a deficit and therefore the person is **living beyond his/her means**.
- If the total income is more than the total expenditures, there is surplus which may be taken to savings.



**Activity 5: Reading a case scenario**

Read the case scenario and in pairs, carry out the tasks that follow.

Meet Amos, a 18-year-old student at a Nairobi college. He receives a monthly allowance of Kshs. 10,000 from his parents for his personal expenses. He also has a weekend allowance at a local grocery store that gives him Kshs. 13,000 per month. Amos is trying to save to buy a bicycle in the next few months that requires Kshs. 20,000. Amos needs to save Kshs. 4,000 every month. He also needs to have a monthly budget of about Kshs. 1,500 for repairs and maintenance of the bicycle. Currently Amos spends his money in the following main categories each month:

- Entertainment (movies, music concerts, social activities): Kshs. 5,000
- Clothes and shoes: Kshs. 8,000
- Food: Kshs. 3,000
- Books and magazines: Kshs. 2,000
- Charity donations: Kshs. 1,000



### Tasks

1. How can Amos balance his budget to still save for the bicycle?
2. What are some of the ways Amos can cut certain expenses and reduce his deficit?
3. Prepare a budget to assist Amos.
4. Share your budget with peers in class or in the financial literacy club.



### Extended activity

Prepare a budget while in school and present to your peers in the financial literacy club.



### Key Learning Points

#### Simple Tips for preparing a personal budget.

STEP 1: Determine your net income

Understand your sources of income like salary, allowances and earnings from farm projects, profit from business, so you know exactly what is coming 'in'.

STEP 2: Determine the amount to save

Record your expenses carefully, so you know exactly what is going 'out'.

STEP 3: Determine your expenses (needs and wants)

Set new targets and limits for certain items.

STEP 4: Review your budget

At the end of each month, compare your budgeted expenses to your actual expenses.



**Parting shot:**

We recommend the 50/30/20 budgeting rule which requires that you allocate your income as follows: 50% to needs, 30% wants and 20% to savings.



**Self-assessment**

On a scale of 1-5 where 1 is ‘*Strongly Disagree*’ and 5 is ‘*Strongly agree*’, rate yourself on the extent to which you agree with the following statements

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I prepare a budget before spending my money					
I always stick to my budget when spending					
I budget based on my net income					
I regularly save a percentage of my pocket money					

After completing the self-assessment, take a moment to reflect on your responses. Identify areas where you have rated yourself 3 and below consider these as potential areas for further learning.



## Sub unit 4: Wise spending

This sub unit covers ways of making informed choices before spending money.

You will acquire knowledge, skills, values and attitudes on wise spending.



### Activity 1: Sharing experiences

**In groups,**

1. Share experiences on how you spend money.
2. From your shared experiences, discuss what influences your spending habits.
3. Share with your peers in class or financial literacy club.



### Activity 2: Reading a case study

In pairs, read the case study and carry out tasks that follow:

Laura is a learner in a secondary school. She receives an amount of ksh. 3,000 for her pocket money. Laura spends ksh1500 for her personal items – things like toiletries, but she admires her friend's clothes and shoes which costs ksh. 10,000. Every Friday, Laura likes to buy snacks which costs around kshs. 400. She also goes to the salon every weekend and uses kshs. 500. She spends another kshs. 500 to cater for phone calls and data. She has a debt of Ksh.1,000 that she is required to pay. Laura likes buying excess clothes and shoes that she does not need, and does not even plan for.



### Tasks

1. Do you think Laura has enough money to pay for everything? Give reasons for your answer.
2. Which wise spending habits would you recommend to Laura?
3. Share with your peers in class or in the financial literacy class.



### Extended activity

With the assistance of your parent or guardian, discuss how you can spend your money wisely.

1. Write the main points of the discussion in your notebook.
2. Share with peers in class or the financial literacy club.



### Key Learning Points

- Wise spending involves making informed choices that match with your budget.
- Avoid using money in a way it was not planned for (impulse buying).
- Prioritise needs before wants.



### Parting shot

*Remember that money is an important tool which can help you achieve your financial goal. Spend it wisely!*



## Self-assessment

On a scale of 1-5 where 1 is 'Strongly Disagree' and 5 is 'Strongly agree', rate yourself on the extent to which you agree with the following statements.

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I practice wise spending for my pocket money					
I avoid using money in a way it was not planned for (impulse buying)					
I prioritise my needs before wants					

*After completing the self-assessment, take a moment to reflect on your responses. Identify areas where you have rated yourself 3 and below consider these as potential areas for further learning.*

## Sub unit 5: Good and bad practices in budgeting

This sub unit covers good and bad practices in budgeting. You will acquire knowledge, skills, values and attitudes of good practices in budgeting.



### Activity 1: Searching for information

In groups, use relevant resources such as print or digital media to search for information on good and bad practices in budgeting and carry out the tasks that follow.



### Tasks

1. Discuss good and bad practices in budgeting.
2. Write the findings in your notebook.
3. Share with your peers in class and the financial literacy club.



### Activity 2: Reading a poem

In groups, read the poem and perform the task that follow.

*Track your spending, with diligence and care*

*Categorize clear, through budgeted days*

*Prioritize needs, let wants find a back seat*

*Save and invest wisely, let money grow*

*Cut on needless costs, secure your nest with steady pace*

*Budgeting is melody, a path to success*

*Credit card whispers, a tempting way to overspend*

*Debts silent storm, where fortunes fade*

*Impulse buying, a seductive sway*

*Budgets crumble like dreams in dismay*

*Neglecting tracking, a blindfolded feat*

*Financial chaos, beneath deceit  
 Living for the moment, no plan in sight  
 Ignoring savings, for a fleeting thrill  
 Tomorrow's burdens, a shadowed blight  
 In this budgeting saga, lessons profound  
 Navigate wisely on solid ground.*



### Task

Fill in the table with some of the good and bad practices in budgeting as brought out in the poem.

No.	Good practices	Bad practices



### Extended activity

You are planning for a school trip with your friends from the financial literacy club. The club patron has asked various groups to prepare a budget for the trip for ksh 2000 and present it during the club's activities for an award on the best budget.

1. Prepare a budget accounting for all costs for the trip.
2. Identify the good and bad practices from the budgets presented.
3. Share with peers in class or in the financial literacy club.



## Key learning points

### Good practices

- Save before spending.
- It is a good practice to stick to your budget and make well informed choices when using money.
- Preparing a realistic budget based on your income and expenses.
- Budgeting within your means.

### Bad practices

- Saving after spending.
- Not sticking to your budget.
- Preparing unrealistic budget
- Budgeting beyond your means.



## Parting Shot

*“A budget is telling your money where to go instead of wondering where it went”, by Dave Ramsey*



## Self-assessment

On a scale of 1-5 where 1 is 'Strongly Disagree' and 5 is 'Strongly agree', rate the extent to which you agree with the following statements

Statement	1 Strongly disagree	2 Disagree	3 Not sure	4 Agree	5 Strongly agree
I consistently track my expenses					
I save before I spend					
I avoid impulse buying					
I stick to the budget I have written					

*After completing the self-assessment, take a moment to reflect on your responses. Identify areas where you have rated yourself 3 and below consider these as potential areas for further learning.*

# UNIT 4: SAVINGS

## Introduction

Saving is a valuable skill that can empower you to achieve your financial goals and build a secure financial for future. This unit covers meaning and importance, methods of saving, saving rules and factors that influence saving culture, saving plan and good and bad practices in saving. In this unit, you will acquire knowledge, skills, values and attitudes in saving.

### Sub unit 1: Meaning and importance of saving

This sub unit covers meaning and importance of saving. You will acquire knowledge, skills, values and attitudes on importance of saving.



#### Activity 1: Searching for information

In groups, use relevant resources such as print or digital media to search for information on the meaning and importance of saving and carry out the tasks follow.



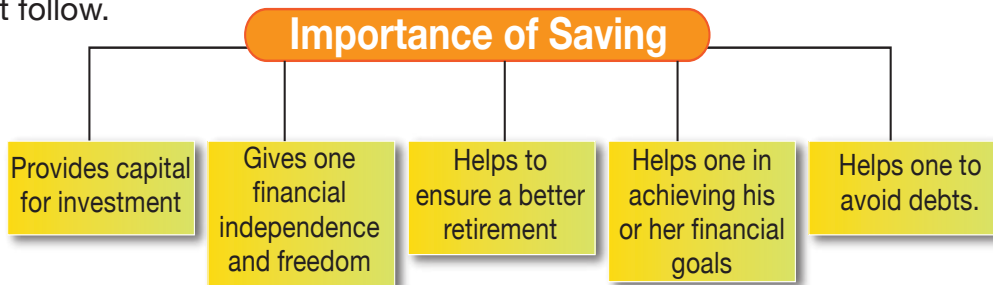
#### Tasks

1. Discuss the meaning and importance of saving.
2. Write the main points of your discussion in your notebook.
3. Share with your peers in class or in the financial literacy club.



#### Activity 2: Studying illustration

In pairs, study the illustration on the importance of saving and do the tasks that follow.







## Tasks

1. Discuss the importance of saving as shown in the pictures.
2. Write the main points of your discussion in your notebook.
3. Share with your peers in class or the financial literacy club.



## Activity 3: Reading a poem

**Read the poem below and in groups, carry out the tasks that follow.**

*In pockets small, a secret hides,  
A lesson learned with every stride.  
Save your coins, don't let them stray,  
For future dreams, they pave the way.  
A simple act, yet strong and wise,  
A skill for life, a grand prize.  
In saving, find a power grand,  
To shape tomorrow with your hand.*

*So gather coins, one by one,  
Watch as saving's journey's begun.  
A little today, a lot tomorrow,  
For dreams you'll chase, and not just borrow.*



## Tasks

1. Discuss the importance of saving according to the poem.
2. Write the main points of your discussion in your notebook.
3. Share with your peers in class or in the financial literacy club.



## Extended activity

In financial literacy club, debate on the motion 'saving is the path to financial freedom' or independence.



## Key learning points

### Meaning of saving

Saving is the money set aside for future use or emergency.

### Importance of saving

- It provides capital for investment
- Gives one financial independence and freedom
- Helps to ensure a better retirement
- Helps one in achieving his or her financial goals
- Helps one to reduce or avoid debts
- Helps in emergencies
- Helps finance major events in life



## Parting shot

*A penny saved is worth two pennies earned.*



## Self assessment

On a scale of 1-5 where 1 is 'strongly disagree' and 5 'strongly agree', rate the extent to which you agree with the following statements.

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I am able to explain the meaning of saving.					
I can explain the importance of saving.					

*After completing the self-assessment, take a moment to reflect on your responses. Identify areas where you rated yourself 3 and below and consider these as potential areas for further learning.*

## Sub Unit 2: Ways of saving and factors to consider when choosing a way of saving

This sub unit covers ways of saving and factors to consider when choosing a way of saving. You will acquire knowledge, skills, values and attitudes on ways of saving.



### Activity 1: Observing a chart

Study the chart below on different ways of saving money and in pairs, carry out the tasks that follow.



### Tasks

1. Discuss the ways of saving shown in the chart.
2. Write the main points of your discussion in your notebook.
3. Share with your peers in class or in the financial literacy club.



## Activity 2: Brainstorming

In groups, carry out the following tasks.

1. Brainstorm on the factors to consider when choosing a way of saving money.
2. Share with your peers in class or in the Financial literacy club.



## Extended activity

In groups, carry out the following tasks:

1. Write a poem on the theme “ways of saving” .
2. Present the poem during drama competitions.



## Key learning points

**Ways of saving money include:**

- Saving money in penny banks.
- Opening and depositing money in savings accounts in banks and micro-banks.
- Joining a Savings and Credit Cooperative Societies (SACCOs)
- Opening savings accounts in money markets.
- Buying savings policies in insurance companies.
- Saving in kind (for example, buying land, livestock among others)
- Joining saving groups (for example, table banking and Merry-go-rounds)

**Factors to consider when choosing a way of saving**

- Ease of access to the savings.
- Convenience in the process of saving money.
- Safety of the fund saved.
- Level of interest earned on the savings.
- Charges levied on the saving services.



## Parting shot

*Your savings are your future security; be careful where you save.*



## Self-assessment

On a scale of 1-5 where 1 is 'strongly disagree' and 5 'strongly agree', rate the extent to which you agree with the following statements.

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I can identify ways of saving money					
I can explain factors influencing the choice of a way of saving money					

*After completing the self-assessment, take a moment to reflect on your responses. Identify areas where you rated yourself 3 and below and consider these as potential areas for further learning.*

## Sub unit 3: Saving rules and factors that influence the saving culture

This sub unit covers saving rules and factors that influence the saving culture. You will acquire knowledge, skills, values and attitudes on saving rules and factors that influence the saving culture.



### Activity 1: Searching for information

In groups, use relevant resources such as print or digital media to search for information on the saving rules and factors that influence the saving culture and carry out the tasks that follow.



### Tasks

1. Discuss the saving rules and the factors that influence saving culture.
2. Write the main points of your discussion in your notebook.
3. Share with your peers in class or the financial literacy club.



### Extended activity

In groups,

1. Use locally available materials to design flashcards on the rules of saving money.
2. Display the flashcards on the saving rules in class or strategic points in the school compound.



### Key Learning Points

#### Saving rules

- Allocate at least 20% of your income to savings, 50% should go to needs and 30% to wants.
- Save before spending, so as to avoid overspending your income.

- Increase your income sources, so as to increase the amount that can be saved.
- Always have an emergency fund.
- Minimize your spending on luxurious goods and services, since they will cause you to reduce your savings.
- Avoid unnecessary debts, they will not give you an opportunity to save.

### **Factors that influence savings culture**

- Number of one's sources of income: People who have many sources of income have a better saving culture than those who have few sources of income.
- The individual's level of financial discipline: People who have high financial discipline save better than those that have no financial discipline.
- Nature of financial goals. If financial goals are long-term, people save longer than if the financial goals are short-term.
- Interest rates offered on savings: If interest rates offered on by the savings institutions are high, people will tend to have a better saving culture than if the interest rates are low.
- Spending habits of the individual: People who undertake planned spending are more likely to have better saving culture compared to those who do not plan their spending.
- Level of inflation in the country: A high level of inflation causes people to commit more of their income to spending, thus leading to a poor saving culture.
- Level of country's economic stability: When the country's economy is stable, people have more money hence they save more than when the economy is not stable.



#### **Parting shot**

*“Do not save what is left after spending, but spend what is left after saving.”*

- Warren Buffet





## Self-assessment

On a scale of 1-5 where 1 is 'strongly disagree' and 5 'strongly agree', rate the extent to which you agree with the following statements.

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I allocate at least 20% of my pocket money to savings					
I save a portion of my pocket money before spending					
I minimize my spending in luxurious goods and services while in school					
I minimize unnecessary debts					
I can explain the factors that influence an individual saving culture					

*After completing the self-assessment, take a moment to reflect on your responses. Identify areas where you rated yourself 3 and below and consider these as potential areas for further learning.*

## Sub unit 4: Savings plan

This sub unit covers savings plan. You will acquire knowledge, skills, values and attitudes on preparing a savings plan.



### Activity 1: Searching information

In groups, use relevant resources such as print or digital media to search for information on the meaning and importance of a saving plan and carry out the tasks that follow



#### Tasks

1. Explain the meaning and importance of a savings plan.
2. Discuss the steps in preparing a savings plan.
3. Write the main points of the discussion in your notebook.
4. Share with your peers in class or in the financial literacy club.



### Activity 2: Filling in a savings plan template

Below is information about financial goals for Susan. In pairs, use the information given to complete the savings plan and display the completed saving plan on the school notice board

Susan wants to buy a family car costing Sh. 720,000 in 6 year's time and need to save Sh.10,000 monthly to achieve her goal. She wants to start a retail business which requires Sh.70,000 after 14 months and need to save Sh.5,000 every month. Lastly she wants to go on a trip after 10 months costing Sh.40,000 and plan to save Sh.4,000 per month.



#### Tasks

1. Complete the saving plan template.
2. Display the completed templates on the school notice boards.

### Susan savings plan

Financial goals	Amount required	Time	Savings per month
Short-term goals	Sh.40,000	10 months	Sh.4,000
Medium-term goals			
Long-term goals			



### Activity3: Reading a case study

Read the case study below and carry out the tasks that follow.

*Arifa is a 15-year-old Junior school student who receives monthly pocket money of Ksh. 1,500 from his parents. He is interested in purchasing a pair of sports shoes costing Kshs. 3,000. He realizes that he needs to save money to afford the sports shoes and he wants to develop a savings plan to achieve this goal.*



### Tasks

1. Identify Arifa's financial goal.
2. Prepare a saving plan to help Arifa achieve his goal.
3. Share with your peers in class or in the financial literacy club.



### Key Learning Points

**A savings plan:** It involves setting a portion of your income over a fixed time in order to achieve specific financial goals.

#### Importance of a saving plan.

- Helps in the achievement of financial saving goals.
- Helps to prioritise financial saving goals.

## Steps of a saving plan

- Establish your financial position.
- Set SMART financial saving goals.
- Decide the amount required for each goal.
- Calculate what you can afford to save each month.
- Establish where to keep the savings.
- Keep track of your savings.



### Parting shot

*The art is not just in saving, but more in how you plan your savings.*



### Self-assessment

On a scale of 1-5 where 1 is 'Strongly Disagree' and 5 'Strongly Agree', rate the extent to which you agree with the following statements

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I am able to explain the meaning of a saving plan					
I can set SMART financial saving goals for my pocket money					
I am able to prepare a savings plan for financial goals while in school					

*After completing the self-assessment, take a moment to reflect on your responses. Identify areas where you rated yourself 3 and below and consider these as potential areas for further learning.*

## Sub unit 5: Good and bad practices in saving

This sub unit covers good and bad practices in saving. You will acquire knowledge, skills, values and attitudes on good money saving practices.



### Activity 1: Searching for information

In groups, use relevant resources such as print or digital media to search for information on good and bad practices in saving and carry out the tasks that follow.



#### Tasks

1. Discuss the good and bad practices in saving.
2. Write the main points of your discussion in your notebook.
3. Share with your peers in class or in the financial literacy club.



### Activity 2: Debate



#### Tasks

1. With the guidance of the teacher, either in class or financial literacy club, debate on the motion “*good savings practices promote the saving culture.*”
2. Make a summary of the main points on good saving practices in your notebook.
3. Share with your peers in class or in the financial literacy club.



## Key Learning Points

### Good Saving Practices

- Allocating 20% of one's income to savings
- Saving before spending
- Increasing one's income sources
- Maintaining an emergency fund
- Minimizing spending on luxurious goods and services
- Avoiding unnecessary debts

### Bad Saving Practices

- Failure to allocate at least 20% of one's income to savings
- Spending before saving
- Failure to diversify sources of income
- Failure to maintain an emergency fund
- Spending more of your income on luxurious than on necessities
- Getting into unnecessary debts



### Parting shot

*Good saving habits promote saving culture.*



## Self-assessment

On a scale of 1-5 where 1 is 'Strongly Disagree' and 5 'Strongly Agree', rate the extent to which you agree with the following statements

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I can differentiate between good and bad practices in saving					
I practice good saving practices while in school					

*After completing the self-assessment, take a moment to reflect on your responses. Identify areas where you rated yourself 3 and below and consider these as potential areas for further learning.*

# UNIT 5: INVESTMENT

## Introduction

Every individual in the society would want to put their financial resources into activities that will enable their value grow. This unit covers the meaning, importance, types and factors to consider when investing. It also covers investor's life cycle, investment rules and investment plan as well as ethical and unethical practices in investment. You will acquire knowledge, skills, values and attitudes in investing financial resources.

### Sub unit 1: Meaning and importance of investment

This sub unit covers the meaning and importance of investment. You will acquire knowledge skills, values and attitudes on the importance of investment.



#### Activity 1: Searching for information

In groups, use available resources such as print or digital media to search for information on the meaning and importance of investment and carry out the task that follow.



#### Tasks

1. Discuss the meaning and importance of investment.
2. Write the main points of the discussion in your notebook
3. Share with peers in class or in the financial literacy club.



#### Activity 2: Reading a passage

Read the passage and carry out the tasks that follow.

#### Importance of investing

*Investing is like planting seeds for your money to grow into a big money tree! It helps you make more money over time, so you can buy cool things*



*or do fun stuff. Imagine you have a magic penny bank that not only keeps your money safe but also makes it grow into even more money. That's what investing does!*

*Also, there's this tricky thing called inflation that makes stuff more expensive over time. But with investing, it's like having a shield that protects your money from losing its superpower to buy things. It's like making sure your money stays strong and powerful!*

*Investing is like having a special plan for your money. Whether you want to buy a car, go to college, or have a happy retirement, investing helps you reach those goals. It's like having a treasure map that leads you to all the important things you want in life!*

*And guess what? When you invest, your money doesn't just sit there; it makes new friends and brings more money back to you.*



### Tasks

1. Identify importance of investment from the passage.
2. Write the main points in your notebook.
3. Share with peers in class or in the financial literacy club.



### Extended Activity: Debating

In financial literacy club debate on the motion;

*'Investing money for the future is as important as enjoying the present moment.'*



### Key Learning Points

- **Investing:** This making your money grow or multiply.
- **Investment:** This a plan to put money to work today in hope of obtaining a greater amount of money in future.

## Importance of investment

- Enables one to create wealth.
- Protects one against inflation which may erode the buying power for your money.
- It is a money management plan to help one realise financial goals.
- Increases your income sources through investment returns such as interest and dividends.



### Parting shot

*"In investing, what is comfortable is rarely profitable."* - Robert Arnott



### Self-assessment

On a scale of 1-5 where 1 is 'Strongly Disagree' and 5 is 'Strongly Agree', rate the extent to which you agree with the following statements:

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I can explain the meaning of investing					
Investment maintains the buying power of your money during inflation					
I can explain the importance of investment					

*After completing the self-assessment, take a moment to reflect on your responses. Identify areas where you rated yourself 3 and below, consider these as potential areas for further learning.*

## Sub unit 2: Types of investment and factors to consider before making investment

This sub unit covers types of investments and factors to consider when investing. You will acquire knowledge, skills, values and attitudes in choosing the best investment opportunities.



### Activity 1: Observing pictures

Study the pictures below and carry out the tasks that follow



A



B



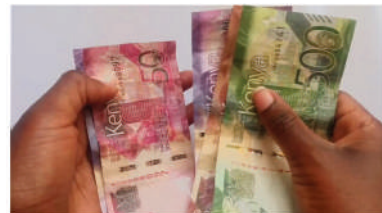
C



D



E



F



## Tasks

1. Discuss with peers the types of investment represented in the pictures.
2. Brainstorm on other ways in which people may invest.
3. Write the main points in your notebook
4. Share with peers in class or in the financial literacy club.



## Activity 2: Reading a conversation

Read the conversation below between Zuri and Arifa on factors to consider when investing and carry out the tasks that follow.

**Zuri:** *I am interested in starting to invest but have no idea how?*

**Arifa:** *Okay I can share some ideas with you on what you need to consider when you want to start investing.*

**Zuri:** *Please educate me.*

**Arifa:** *First, you need to have clear financial goals - what do you intend to invest in in terms of immediate goals, medium term goals and long-term goals. This is because some investments take longer than others to give return or interest*

**Zuri:** *nods*

**Arifa:** *Consider the capital required - this is because different investments require different minimum required capital.*

**Zuri:** *okay, I am starting to get it.*

**Arifa:** *The other thing you must consider is liquidity - liquidity is being able to access cash from your investment, some investments lock money for months, others for years while others allow you to access your money at your convenience.*

**Zuri:** *oooh! Had not thought of that!*

**Arifa:** *Taxation on your investment should also be considered. As you start your investment consider the tax to paid to the government*

**Zuri:** Great! I'll do my research.

**Arifa:** Finally, you should consider your risk appetite.

**Zuri:** Risk appetite!

**Arifa:** Yes, the concept of risk versus returns indicates that investments that attract higher interest are also likely to attract higher risk of loss of investment value. Investments that attract lower interest are also likely to attract lower risk to loss of investment value. Stocks/ shares are high risk high interest investments while fixed deposits and money market are low risk low interest investments.

**Zuri:** Thank you Arifa that was an eye opener, I'll search for more information on other factors I may consider before making an investment.

**Arifa:** you are welcome Zuri.



## Tasks

1. Identify factors to consider when investing as mentioned by Arifa.
2. Write the factors in your notebook
3. Share with peers in class or in the financial literacy club.



## Extended activity: Debating

With the help of your parent or guardian;

1. Visit a local investor in your locality, enquire on what factors he/she considered before investing
2. Share with peers in class or in the financial literacy club



## Key Learning points

There are different types of investment that can generate return. They are grouped as follows:

## Short-term investment

- Fixed deposits: This involve putting a specific amount of money into a bank for a predetermined period at a fixed interest rate. It's a bit like giving the bank a loan, and in return, they pay you interest on that amount when the agreed time is up. It's a safe and steady way to grow your money.
- Treasury bills: These are government securities where you lend money to the government for a specified period, usually a year or less. In return, the government pays you interest. It's a low-risk investment
- Mutual Funds: This is a pool money from various investors to invest in a diversified portfolio of stocks, bonds, or other securities. It provides a way to invest in a variety of assets without needing a large amount of money, and the risk is spread across the entire portfolio.
- Foreign exchange or forex: This involves the trading of different currencies to take advantage of currency value fluctuations. It's like participating in a global marketplace where you exchange one currency for another, aiming to profit from changes in exchange rates. This market is known for its dynamic nature and can involve significant risk and reward.

## Long-term investment

- Real Estate: This is buying and owning physical properties like houses or apartments, which can potentially grow in value or provide rental income.
- Equities (shares or stocks): This is investing in ownership pieces of companies (stocks) that may increase in value, and you might get a share of the company's profits through dividends.
- Treasury bonds: This is lending money to the government for a period of more than one year, and in return, you get back the loaned amount with interest, offering a low-risk investment.
- Corporate bonds: This leading to a company by buying their bonds, which is a way for the company to raise funds, and in return, you receive periodic interest payments and get back the principal amount at the end of the bond's term.

## Factors to consider in investing

- Risk involved in undertaking the investment.
- Expected earnings in form of returns.
- Net income that you have ready for investment.
- Time horizon or the period you want your money to be tied in to that particular investment.
- Investment vehicle, for example, shares, money market, fixed deposits, among others.



### Parting shot

*“The biggest risk of all is not taking one.” - Mellody Hobson*



### Self-assessment

On a scale of 1-5 where 1 is ‘Strongly Disagree’ and 5 is ‘Strongly Agree’, rate the extent to which you agree with the following statements:

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I can describe the types of investment					
I can explain factors to consider before making an investment					

*After completing the self-assessment, take a moment to reflect on your responses. Identify areas where you rated yourself 3 and below, consider these as potential areas for further learning.*

## Sub unit 3: Life cycle of an investor

This sub unit covers the life cycle of an investor. You will acquire knowledge, skills, values and attitudes in making investment decisions at different ages.



### Activity 1: Searching for information

In groups, use available resources such as print or digital media to search for information on the meaning of investor's life cycle and carry out the tasks that follow.



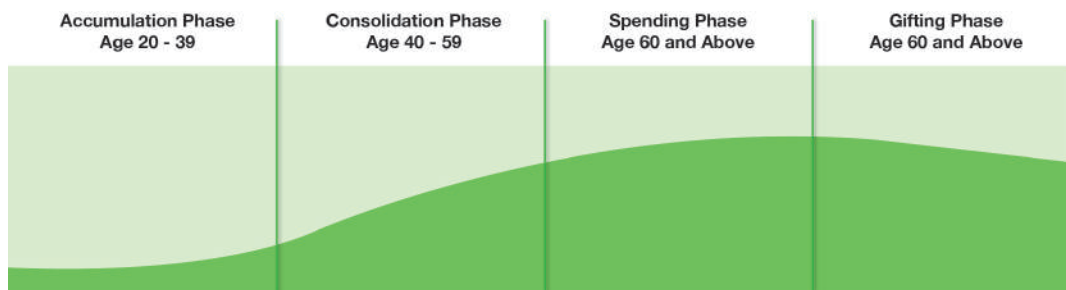
#### Tasks

1. Discuss the phases of investor's life cycle.
2. Write the main points of the discussion in your notebook.
3. Share with peers in class or in the financial literacy club.



### Activity 2: Observing an illustration

Study the illustration below and carry out the tasks that follow.



#### Tasks

1. In groups, discuss suitable investments for different phases in the life of an investor and fill in the table below



Phase	Accumulation	Consolidation	Spending	Gifting
Investment	1.	1.	1.	1.
	2.	2.	2.	2.

1. Share with peers in class or in the financial literacy club.



### Extended activity

During the financial literacy club, read the story below and carry out the tasks that follow

#### A Story on a life cycle of Zuri as an investor

*Zuri at 12 years old, was dependent on her parents, had time, energy and no money. She depended on free money/gifted money. In order to invest, Zuri started accumulating the money she was being gifted.*

*At 24 years old, she had graduated and got her first job as an office clerk.*

*She was now Independent, had money and energy but less time. Zuri's salary was 40,000 shillings a month. She started investing 20% of her earnings every month.*

*Zuri split the 20% into two parts 5% in a bank fixed deposit account and 15% into a money market fund account.*

*Zuri at 40 years old had accumulated and consolidated 500,000 shillings. She split the 500,000 into 3 parts, with 300,000 shillings, she bought government bonds for 20 years to contribute towards her retirement fund. 100,000 shillings in a money market fund and 100,000 shillings to buy shares from the securities exchange.*

*Zuri is 61 years old and has just retired. She has Plenty of time but less energy. She had a pension fund of 5,000,000 shillings. She bought an annuity that will be paying her 50,000 shillings every month for the rest of her life.*



## Tasks

1. Describe the phases of investment Zuri has undergone according to the story.
2. Write the main points in your notebook.
3. Considering Zuri's early investment strategy, what advantages do you think this provided her in terms of balancing risk and returns during her initial earning years?
4. Share with peers in class or in the financial literacy club



## Key Learning Points

The investor life cycle can be summarized into four stages of investment.

- **Accumulation phase (20 – 39 years):**

Investor gathers funds to spend in the later phase of their lives, for example buying a car, house, cater for children education, among others. People in this age bracket may invest in high risk investments.

- **Consolidation phase (40 – 59 years):**

People in this age bracket invest in moderately risky investments.

- **Spending phase (60 years and above):**

This is the retirement age where people invest in less risky investments like treasury bills, treasury bonds, among others.

- **Gifting phase (60 years and above):**

Those people with a lot of wealth may decide to gift friends and family members with money or start charitable organisations or trust in the society.



## Parting shot

*Understanding investor life cycle prepares you for opportunities and challenges in each phase of life.*



## Self-assessment

On a scale of 1-5 where 1 is 'Strongly Disagree' and 5 is 'Strongly Agree' rate the extent to which you agree with the statements.

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I can explain the meaning of investor's life cycle					
I can explain the investment phases of an investor's life cycle					
I can describe suitable investments for different phases in the life of an investor					

*After completing the self-assessment, take a moment to reflect on your responses. Identify areas where you rated yourself 3 and below consider these as potential areas for further learning.*

## Sub unit 4. Investment Rules

This sub unit covers essential rules of investment. You will acquire knowledge, skills, values and attitudes on rules of investment.



### Activity 1: Searching for information

In groups, use available resources such as print or digital media to search for information on the rules of investment and perform the following tasks.



#### Tasks

1. Discuss the investment rules.
2. Write the main points of the discussion in your notebook.
3. Share with peers in class or in the financial literacy club.



### Activity 2: Studying a chart

Study the chart below on the rules of investments and do the given tasks.



#### Set your goals

Clearly define your investment objectives to guide your financial decisions.



#### Invest in short and long term investments

Allocate funds to both short-term and long-term investments for a balanced and adaptable portfolio.



#### Diversify your investment

Diversify your investments across various asset classes to minimize risk and enhance overall portfolio resilience



## Tasks

1. Discuss with peers the investments rules as shown in the chart.
2. Explain on other rules of investment.
3. Write the main points of the discussion in your notebook.
4. Share with peers in class or in the financial literacy club.



## Extended activity

In your Financial literacy club, design a poster on investment rules and share with your peers.



## Key Learning Points

- Diversify your investment.
- Set your investment goals.
- Create your investment plan.
- Invest in the short and long term.
- Balance your investment portfolio.
- Create an emergency fund.



## Parting shot

*Investing wisely is about following market trends and investment goals.*



## Self-assessment

On a scale of 1-5 where 1 is 'Strongly Disagree' and 5 is 'Strongly Agree' rate the extent to which you agree with the statements

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I can explain the meaning of investment rules					
I can describe the investment rules					
I can apply investment rules					

*After completing the self-assessment, take a moment to reflect on your responses. Identify areas where you rated yourself 3 and below consider these as potential areas for further learning.*

## Sub unit 5: Investment plan

This Sub unit covers the meaning, steps and preparation of investment plan. You will acquire knowledge, skills, values and attitudes on preparing an investment plan.



### Activity 1: Group discussion

In groups, carry out the following tasks:



#### Tasks

1. Explain the meaning of an investment plan.
2. Discuss the steps of preparing an investment plan.
3. Write the main points of the discussion your notebook
4. Share with peers in class or in the financial literacy club.



### Activity 2: Studying a chart

Study the chart on the steps of preparing an investment plan and carry out the following tasks:

Evaluate Risk  
Appetite

Choose method

Review regularly

Set Goals

Decide monthly  
savings



## Tasks

1. In groups, arrange the steps of preparing an investment plan in the correct order.
2. Share with peers in class or in the financial literacy club.



## Extended activity

In your Financial literacy club, think of an investment of your choice that you intend to start in 3-years and fill in the table below.

<b>My financial goal</b>	<b>Monthly savings</b>	<b>Method of investment</b>	<b>Risk appetite</b>	<b>Review date</b>



## Key Learning Points

An investment plan helps in structuring how much to invest in order to maximize returns. Here are the steps to follow when preparing plan an investment plan:

- Setting investment goals
- Choosing a method of investment
- Deciding on monthly savings
- Evaluating risk appetite
- Regular reviews





## Parting Shot

*Successful Investment begins with a well thought out plan*



## Self-assessment

On a scale of 1-5 where 1 is 'Strongly Disagree' and 5 is 'Strongly Agree' rate the extent to which you agree with the statements

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I can explain the meaning of an investment plan					
I can describe the steps in investment plan					
I can prepare an investment plan					

*After completing the self-assessment, take a moment to reflect on your responses. Identify areas where you rated yourself 3 and below, consider these as potential areas for further learning.*

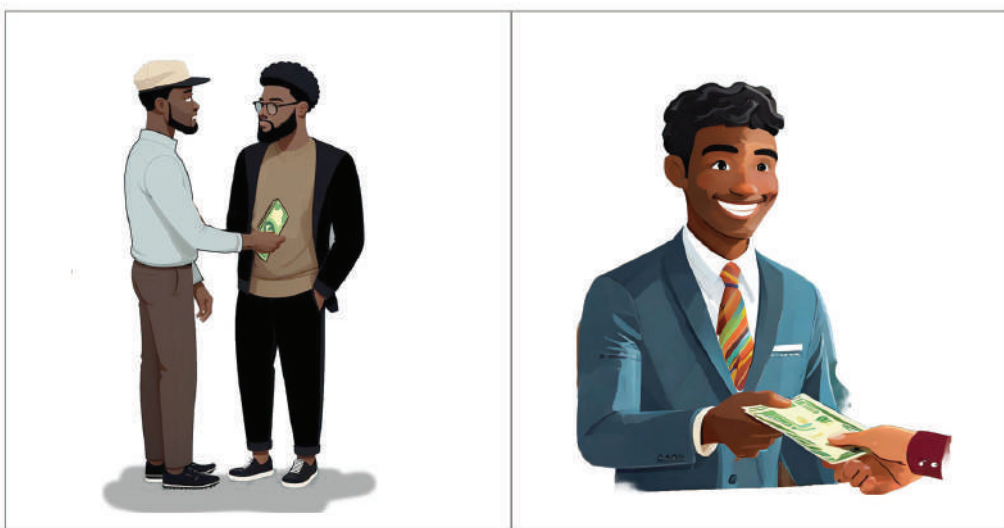
## Sub-unit 6: Ethical and unethical practices in investment

This sub unit covers ethical and unethical practices in investment. You will acquire knowledge, skills, values and attitudes in ethical investment practices.



### Activity 1. Observing pictures

Observe the picture below and carry out the tasks that follow.



A

B



### Tasks

1. From the pictures above, discuss with peers the meaning of ethical and unethical practices in investment.
2. Think about the consequences of unethical investment practices and list them in your book.
3. Share with peers in class or the financial literacy club.



## Extended activity



## Task

Write an article on ethical investment practices to be published in the school magazine.



## Key Learning Points

### Ethical practices

- Investing money from legal sources for example, salary, dividends, farming among others.
- Paying taxes from investment returns.
- Allocating money to projects that contribute to the development of local communities, infrastructure, and social well-being.
- Investing in companies that adhere to fair labour practices, treat employees ethically, and provide safe working conditions.
- Investing in companies that demonstrate a commitment to environmental sustainability, renewable energy, and responsible resource management.

### Unethical practices

- Investing money from corruption.
- Not paying taxes from investment.
- Investing proceeds from money laundering.
- Investing in industries such as firearms, or fossil fuels which have potential negative impact on health, safety, and the environment.



## Parting shot

*“Ethical investment practices aren’t just about following the rules; they are about doing what is right even when no one is watching”.*



## Self-assessment

On a scale of 1-5 where 1 is 'Strongly Disagree' and 5 is 'Strongly Agree' rate the extent to which you agree with the statements

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I can explain the meaning of ethical investment practices					
I can explain the meaning of unethical investment practices					
I can differentiate between ethical and unethical practices in investment					
I can outline examples of ethical and unethical practices in investment					

*After completing the self-assessment, take a moment to reflect on your responses. Identify areas where you rated yourself 3 and below, consider these as potential areas for further learning.*

# UNIT 6: ENTREPRENEURSHIP

## Introduction

Entrepreneurship involves starting and managing a business for personal and economic growth. This unit covers; concept of entrepreneurship, identifying entrepreneurial opportunities, record-keeping, promoting creativity and innovation, utilizing support services, succession planning, and risk mitigation through insurance. You will acquire knowledge, skills, values and attitudes in entrepreneurship.

## Sub Unit 1: Concept of entrepreneurship

This sub unit covers the meaning and importance of entrepreneurship, types of entrepreneurs, qualities of an entrepreneur and sources of funds for entrepreneurial activities. You will acquire knowledge, skills, values and attitudes in developing the characteristics of an entrepreneur as well as acquiring funds for business startups.

### Meaning and Importance



#### Activity 1: Searching for information

In groups, use available resources such as print or digital media to search for information on the meaning and importance of entrepreneurship and carry out the following tasks



#### Tasks

1. Explain the meaning of each of the following terms:
  - a) Entrepreneurship,
  - b) Entrepreneur,
  - c) Social Entrepreneurship.
2. Discuss with peers the importance of entrepreneurship in income generation.
3. Write down your main points of discussion in your notebook.
4. Share with peers in class or in the financial literacy club.



## Activity 2: Reading a story

In pairs, read the following story and carry out the tasks that follow.



In a small town lived Emma, a girl with a love for plants. Dreaming big, she decided to start her own gardening business.

Emma's journey into entrepreneurship began with a simple idea - sharing her love for plants through a small business. Wearing her gardening gloves and armed with a watering can, Emma became a doer and a leader in her gardening business.

As her business grew, Emma noticed some members in her community couldn't afford plants. Emma began teaching others to grow their own plants, organized workshops, and even started a community garden.

Emma's business not only brought beauty to the town but also helped people learn a valuable skill. Her journey became a symbol of growth for the community, showing that a simple passion for flowers could turn into something significant with an entrepreneurial spirit. The 'Garden of Innovations' blossomed, showing the power of entrepreneurship in making a positive impact.

Emma's entrepreneurial journey not only inspired her community but also brought significant benefits. Firstly, her gardening business created job opportunities, boosting the local economy. Secondly, Emma's business growth stimulated economic activity, supporting other local businesses. This led to wealth creation for Emma and her community. Lastly, Emma's empowerment of individuals through plant cultivation fostered innovation and self-sufficiency, enhancing the town's overall well-being.



### Tasks

1. Give reasons why you would consider Emma an entrepreneur.
2. Discuss with peers how Emma has demonstrated social entrepreneurship.
3. Share with peers in class or in the financial literacy club.

## Types of entrepreneurs



### Activity 3: Brainstorming

In groups, carry out the tasks that follow:



### Tasks

1. Describe the types of entrepreneurs.
2. Discuss with peers the characteristics of each type of entrepreneur discussed.
3. Write down the main points of the discussion in your notebook.
4. Share with peers in class or in the financial literacy club.



## Activity 4: Matching exercise

Study the table showing the types of entrepreneurs and their characteristics and carry out the tasks that follow:

Type	Characteristic
Innovative	Addresses social issues with entrepreneurial principles, creating sustainable solutions for societal betterment.
Imitator	Uses other people's business ideas as inspiration but works to improve them.
Craft	Start business using the learnt or acquired skills.
Egoistic	Constantly generates and implements groundbreaking ideas, introducing novel products, services, or processes.
Social	Venture into business not only because there exist a business opening but because they would also like to satisfy their ego.
Opportunistic	Scan the environment in search of a viable business opportunity that may exist.



### Tasks



1. Match each type of entrepreneur to its correct characteristic.
2. Discuss with your peers other types of entrepreneurs and their characteristics not listed in the table.
3. Write the main points of the discussion in your notebook.
4. Share with peers in class or in the financial literacy club.

### Qualities of an Entrepreneur



#### Activity 5: Sharing experiences

In pairs, carry out the following tasks.



#### Tasks

1. Share experience with peers on the qualities of an entrepreneur. .
2. Write the main points of the discussion in your notebook.
3. Share with peers in class or in the financial literacy club.



#### Activity 6: Reading a poem

Read the following poem and carry out the tasks that follow.

#### The entrepreneurial spirit

*In a world of dreams, where ideas shine,  
Entrepreneurs take on a special line.  
With bold ideas, they begin a journey,  
Facing challenges, showing bravery.*

*In the market's ups and downs,  
Entrepreneurs take risks, wear no frowns.  
They create opportunities, spark innovation,  
Turning dreams into lasting sensation.*

*With persistence, they stay on track,  
Through troubles and storms, never look back.  
Creativity is their secret power,  
Turning ideas into sweet flowers.*

*Curiosity drives their search for more,  
Learning and growing, never a burden.  
Discipline guides their daily work,  
Crafting success in the daily tasks.*

*In the tale of economic might,  
Entrepreneurs shine, future bright.  
In their ventures, a nation finds,  
Innovation's pulse, as entrepreneur binds.*

*So here's to dreamers, wise and bold,  
Entrepreneurs reaching for stories untold.  
In their efforts, we all stand tall,  
A tribute to entrepreneurs, heartbeat of all.*

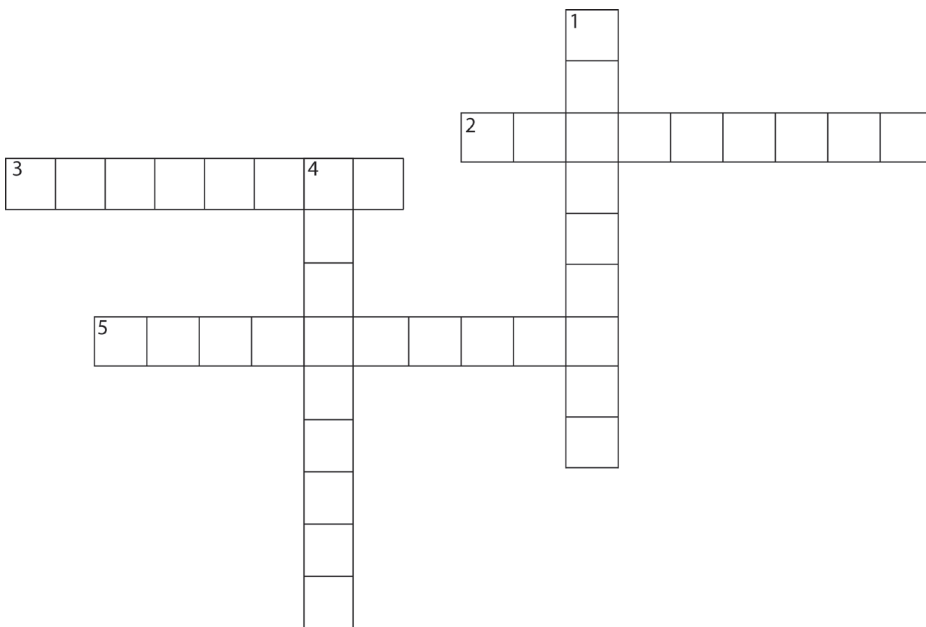


## Tasks

1. Describe the importance of entrepreneurship as outlined in the poem.
2. Discuss with peers other importance of entrepreneurship in income generation.
3. Share with peers in class or in the financial literacy club.

### Activity 7: Filling a crossword

Fill in the crossword puzzle on the qualities of an entrepreneur.



#### Across

2. Willingness to take calculated risks for potential rewards.
3. Thinking innovatively and finding unique solutions.
5. A strong enthusiasm and dedication for the business.

#### Down

1. The ability to bounce back from setbacks and learn from failures.
4. Having a clear picture of long-term goals and objectives.



## Activity 8: Assessment of entrepreneurial qualities

On a scale of 1 to 5, where 1 is 'Strongly Disagree' and 5 is 'Strongly Agree,' rate the extent to which you agree with the following statements.

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I actively seek and take hold of opportunities when they arise.					
I am motivated to take initiative in pursuing my goals.					
I am creative and often find innovative solutions to challenges					
I take responsibility for my actions and their outcomes.					
I plan effectively to achieve my objectives.					
I am willing to take calculated risks to pursue opportunities.					
I am effective at networking and building relationships.					
I possess strong negotiation skills when dealing with others.					

I demonstrate patience and resilience in the face of disappointments.					
I am accommodative and flexible in my approach to challenges.					
I have confidence in my abilities to succeed.					
I believe in myself and my capacity to achieve my goals.					

**Sources of funds**



**Activity 9: Group discussion**

Study the word cloud and carry out the tasks that follow.

**SMALL BUSINESS LOAN**  
**BUSINESS INCUBATOR**  
**BUSINESS PARTNER SELECTION**  
**INFORMAL FINANCING**  
**PERSONAL SAVING**  
**TRADE CREDIT**





## Tasks

1. Describe the sources of funds for entrepreneurial activities highlighted in the word cloud.
2. Discuss with peers other sources of funds for entrepreneurial activities.
3. Write the main points of the discussion in your notebook.
4. Share with peers in class or in the financial literacy club.



## Extended activity

With the assistance of your parent or guardian, visit your locality and identify an entrepreneur and discuss the sources of funds for their entrepreneurial venture.



## Key Learning Points

**Entrepreneurship:** This is the process of identifying, creating, and pursuing opportunities to establish a new business or innovate within an existing one with the aim of making profit.

An **entrepreneur:** This is an individual who takes on the responsibility of organizing and managing the necessary resources to start and run a business.

**Social entrepreneurship:** This involves using entrepreneurial competencies to address social or environmental issues.

### Importance of entrepreneurship

- **Job Creation:** Entrepreneurs create businesses that, in turn, generate employment opportunities.
- **Economic Growth:** Entrepreneurial activities stimulate economic growth by fostering innovation, competition, and productivity.
- **Wealth Creation:** Successful entrepreneurs can accumulate wealth through the growth and profitability of their ventures.
- **Innovation and Efficiency:** Entrepreneurs introduce new ideas, products, and services, which can lead to increased efficiency in various industries.

## **Types of entrepreneurs include:**

- Social Entrepreneur: Uses entrepreneurial ideas to solve social problems and create long-lasting solutions for the community.
- Innovative Entrepreneur: Always comes up with new and exciting ideas, and introduces original products, services, or methods.
- Imitator Entrepreneur: Takes existing business ideas and adds efficiency or a unique touch to attract customers.
- Craft Entrepreneur: Start business using the learnt or acquired skills.
- Egoistic entrepreneur: Venture into business not only because there exist a business opening but because they would also like to satisfy their ego.
- Opportunistic entrepreneur: Scan the environment in search of a viable business opportunity that may exist..

## **Qualities of an entrepreneur**

- Visionary: Having a clear picture of long-term goals and objectives.
- Passionate: A strong enthusiasm and dedication for the business.
- Resilient: The ability to bounce back from setbacks and learn from failures.
- Creative: Thinking innovatively and finding unique solutions.
- Risk taker: Willingness to take calculated risks for potential rewards.

## **Sources of funds for entrepreneurial activities**

- Personal savings are recommended for start-ups, showcasing commitment to increase loan approval chances.
- Partnerships offer financial support from individuals or businesses.
- Informal financing from family, friends, or community organizations provides cash, services, and networking.
- Trade credit allows businesses to receive goods and services before payment, aiding cash flow.
- Small business loans depending on the ability to repay the loan, with some institutions focusing on new businesses.

- Business incubators provides assistance to startups by offering free support, management help, and workspace, focusing on specific types of businesses.



### Parting shot

*Entrepreneurship is not just about starting a business; it's about creating solutions to problems and making a positive impact in the society.*



### Self-assessment

On a scale of 1 to 5, where 1 is 'Strongly Disagree' and 5 is 'Strongly Agree,' rate the extent to which you agree with the following statements.

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I can explain the meaning of entrepreneurship					
I am able to explain the importance of entrepreneurship					
I can describe types of entrepreneurs					
I can determine my entrepreneurial qualities					

*After completing the self-assessment, take a moment to review your responses. Identify areas where you rated yourself 3 and below, and consider these as potential areas for further learning.*



## Sub Unit 2: Business ideas and opportunities

This sub unit covers the meaning of business ideas and opportunities, as well as generating business ideas to promote entrepreneurship. You will acquire knowledge, skills, values and attitudes in turning business ideas into business opportunities.

### Meaning and sources of business ideas



#### Activity 1: Searching for information

In groups, use available resources such as print or digital media to search for information on the meaning and sources of business ideas and carry out the tasks that follow.



#### Tasks

1. Explain the meaning of a business idea.
2. Discuss with peers the sources of business ideas.
3. Write down the main points of the discussion in your notebook.
4. Share with peers in class or in the financial literacy club.



#### Activity 2: Reading a conversation

Mary and John are having a conversation on the sources of business ideas. In pairs, read the conversation and carry out the tasks that follow:

**Mary:** Have you ever thought about starting your own business, John?

**John:** Yeah, I have been thinking about a few ideas. Where do you get yours?

**Mary:** Advertisement sometimes inspire me. Appealing advertisements make me think, “Hey, I could do something like that!”

**John:** Interesting. What about hobbies? People turn those into businesses, right?

**Mary:** Absolutely! My cousin turned photography into a small business. Started as a hobby, now he's making extra cash.

**John:** Cool. Sometimes, what irritates me is customer complaints. But hey! Complaints can be business ideas too, right?

**Mary:** Totally! Complaints point to areas needing improvement. If you find a solution, you might have a business idea.

**John:** True. Never thought of it that way. Have you been to those exhibitions and fairs?

**Mary:** Yeah, I love those. I even saw a guy selling custom-designed phone cases. It made me think, "I could design interesting things too!"

**John:** Nice! What about ideas while traveling?

**Mary:** Absolutely! I saw a beautiful handmade necklace in South Africa, and thought I could start a similar business here in Kenya.

**John:** That's clever. What about family and friends? They can suggest things you're good at that you never thought could be a business.

**Mary:** True. My aunt suggested I start a catering business because she loves my cooking. They know you well and might see potential businesses in you.

**John:** I never thought brainstorming business ideas could be so interesting.

**Mary:** It really is! Ideas are everywhere; you just have to be open to them.



## Tasks

1. Describe the sources of business ideas that Mary and John are talking about in the conversation.
2. Discuss with peers other sources of business ideas not in the conversation.
3. Write the main points of the discussion in your notebook.
4. Share with peers in class or in the financial literacy club.

## Generating business ideas



### Activity 3: Group discussion

In groups, carry out the tasks that follow:



#### Tasks

1. Discuss ways of generating business ideas.
2. Write the main points of the discussion in your notebook.
3. Share with peers in class or in the financial literacy club.



### Activity 4: Generating a business idea

Use a focus group discussion to generate a business ideas by performing the following tasks



#### Tasks

1. Form a focus group discussion of your peers
2. Select a specific industry or business to generate business ideas.
3. Members of the group to contribute business ideas for discussion.
4. Write down the business ideas generated.
5. Share the business ideas with peers in class or financial literacy club.

## Business opportunities



### Activity 5: Brainstorming

In pairs, carry out the tasks that follow::



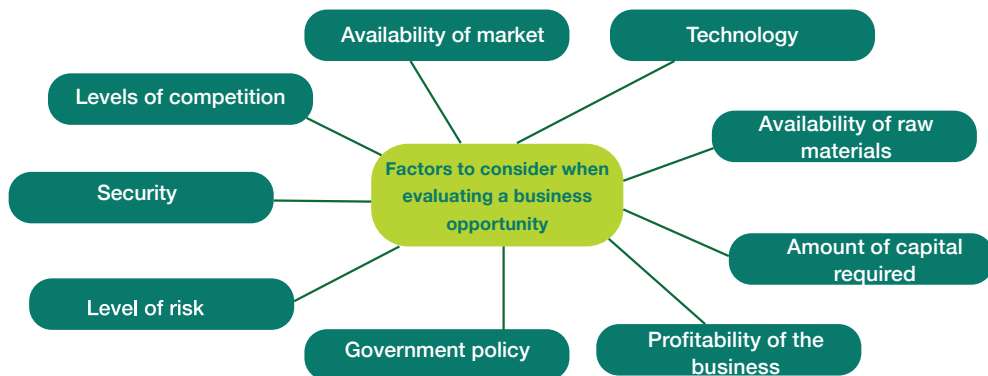
### Tasks

1. Explain the meaning of a business opportunity.
2. Discuss the relationship between business ideas and opportunities.
3. Write the main points of the discussion in your notebook.
4. Share with peers in class or in the financial literacy club.



### Activity 6: Studying a chart

Study the chart on the factors to consider when evaluating a business opportunity to determine its viability and in groups, carry out the tasks that follow.





## Tasks

1. Explain the factors to consider when evaluating a business opportunity to determine its viability as shown in the chart.
2. Discuss with peers why it is important to consider various factors when evaluating a business opportunity
3. Write the main points of the discussion in your notebook.
4. Share with peers in class or in the financial literacy club.



## Activity 7: Evaluating viability of business opportunity

Use the business ideas you generated in activity 4 and complete the tasks that follow.



## Tasks

1. From the list of the business ideas generated in **activity 4**, select 2 ideas which can be converted into a business opportunity.
2. Use factors in activity 6 to evaluate the business opportunities to determine their viability.
3. Pick the best business opportunity.
4. Share the business opportunity with peers in class or financial literacy club.



## Extended activity

With the assistance of your parent or guardian, carry out the following tasks



## Tasks

1. Visit a business enterprise in your locality and discuss with the owner the ideas that brought about the business venture or enterprise.
2. Write the main points of the discussion in your notebook.
3. Share with peers in class or in the financial literacy clubs.



## Key learning points

**Business idea:** This is a creative and innovative thought, often focusing on solving a problem or recognizing a gap in the market.

**Business opportunity:** This arises when conditions are right to turn that idea into a successful venture.

The **key differences** between a business idea and a business opportunity includes:

- A business idea is a concept for a new or improved product or service while a business opportunity is a situation or market gap that can be exploited for potential profit.
- A business idea originates from our imagination while a business opportunity comes from observations of a gap in the market.

### Sources of business ideas include:

- Advertisements and appealing commercials: Inspiration from well-crafted ads and commercials that spark ideas for potential businesses.
- Hobbies: Transformation of personal interests and hobbies into entrepreneurial ventures, as seen with Mary's cousin turning photography into a small business.
- Customer complaints: Identifying business opportunities by addressing and finding solutions to common customer complaints, turning dissatisfaction into innovation.
- Exhibitions and fairs: Exposure to unique products and services at events, such as custom-designed phone cases, that inspire thoughts of starting similar ventures.

## Ways of generating business ideas include:

- Brainstorming: Generates numerous ideas freely and without judgment, fostering creativity and exploring business concepts.
- Mind mapping: Mind mapping in entrepreneurship involves visually organizing ideas and strategies around a central business concept to facilitate brainstorming, planning, and creative problem-solving.
- Focus group discussions: Gather diverse individuals to exchange ideas, share perspectives, and provide feedback on specific topics, encouraging collaboration to understand consumer needs.
- Conducting research: Involves gathering and analyzing data, information, and market trends to identify opportunities, gaps, and emerging trends inspiring new business ideas.

The **factors to consider** when evaluating the viability of a business opportunity include:

- Availability of market: This factor considers whether there are enough people interested in buying your product or service in a specific area.
- Technology: This factor looks at the tools and equipment you'll need to make your product or provide your service, and whether they're up-to-date and accessible.
- Availability of resources: This encompasses both the accessibility of raw materials and the amount of capital required for starting and sustaining the business.
- Profitability of the business: This factor assesses whether your business idea can make enough money to cover expenses and generate a profit.
- Skills and abilities: Skills and abilities are important because they affect how well the business can be run and its chances of success



### Parting shot

*Entrepreneurship is transforming your ideas into profitable business opportunities.*



## Self-assessment

On a scale of 1 to 5, where 1 is 'Strongly Disagree' and 5 is 'Strongly Agree,' rate the extent to which you agree with the following statements.

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I can differentiate between a business idea and a business opportunity.					
I can describe the sources of business ideas.					
I am able to generate business ideas to promote entrepreneurship.					
I can evaluate a business opportunity to determine its viability.					

*After completing the self-assessment, take a moment to review your responses. Identify areas where you rated yourself 3 and below, and consider these as potential areas for further learning.*



## Sub unit 3: Record keeping in entrepreneurship

This sub unit covers meaning and importance of record keeping, preparing simple bookkeeping tools and keeping personal business records. You will acquire knowledge, skills, values and attitudes in bookkeeping.

### Meaning and importance of record keeping



#### Activity 1: Searching for information

Use available resources such as print or digital media to search for information on the meaning and importance of record keeping in entrepreneurship and carry out the tasks that follow.



#### Tasks

1. Explain the meaning of bookkeeping.
2. Discuss the importance of record keeping in entrepreneurship.
3. Write the main points of the discussion in your notebook.
4. Share with peers in class or in the financial literacy club.

### Simple bookkeeping tools



#### Activity 2: Brainstorming

In pairs, brainstorm on the types of bookkeeping tools and carry out the tasks that follow.



#### Tasks

1. Describe the types of simple bookkeeping tools an entrepreneur may use to record business transactions.
2. Write the main points in your notebook.
3. Share with peers in class or in the financial literacy club.



### Activity 3: Recording transactions in bookkeeping tools

Study the information provided and carry out the tasks that follow.

1. The following information relates to Baraka's Tech Business as at 28/2/20...
  - a) On 30/01/20.....Balance brought forward 300,000/=
  - b) On 15/02/20.....Sold goods worth 70,000/=
  - c) On 20/02/20..... A debtor paid 20,000/=
  - d) On 25/02/20.....Bought and paid for additional stock worth 150,000/=



#### Task

Record the transactions in Baraka's cashbook as at 28/02/20...

#### Cash book

Date	Details	Money in	Money out
28/02/20...	Balance		

2. The following information relates to Maria, a customer of Baraka's Tech Business as at 30/6/20...
  - a) On 1/4/20... Baraka sold 20 bags of cement worth 8,000/= on credit to Maria.
  - b) On 10/4/20... Baraka received 4,000/= from Maria as part of debt payment.
  - c) On 15/4/20... Baraka sold 50 pieces of iron sheets worth 50,000/= on credit to a Maria.
  - d) On 29/6/20... Maria paid Baraka 30,000/= as part of payment for iron sheets.



## Task

Record the transactions in in Maria's account record.

### Maria's account record

Date	Details	Quantity	Credit sales	Amount paid	Balance	Signature

3. The following information relates to Baraka's Tech Business as at 30/06/20...

- a) On 30/01/20.....Baraka had total sales of 20,000/= and total expenses of 10,000/=
- b) On 28/02/20.....Baraka had total sales of 10,000/= and total expenses of 10,000/=
- c) On 30/03/20.... Baraka had total sales of 20,000/= and total expenses of 10,000/=
- d) On 30/04/20.... Baraka had total sales of 10,000/= and total expenses of 10,000/=
- e) On 30/05/20.... Baraka had total sales of 50,000/= and total expenses of 10,000/=
- f) On 30/06/20.... Baraka had total sales of 10,000/= and total expenses of 10,000/=





## Task

Prepare Baraka's profit and loss account as on 30/06/20...

### Baraka's profit and loss account

Month	Jan	Feb	Mar	Apr	May	Jun	Total
Sales							
Expenses							
Profit or loss for each month							



### Extended activity

With the assistance of your parent or guardian, keep monthly records of goods and services bought at home.



### Key learning points

#### Record keeping or bookkeeping means documenting:

- How much money your business receives.
- How much money your business pays out.
- How much people owe you (debtors)
- How much you owe other people (creditors).

#### Simple Bookkeeping tools are:

- Cashbook: shows the cash in and cash out from the business
- Customer account Record: shows the record of debtors of the business
- Profit and Loss (P&L) Statement: To see how your business is doing, use the information from the Record Book to prepare a Profit and Loss Statement:
- Statement of the financial position of a business (Balance sheet): This shows the assets, capital and liabilities of the business (refer to format *in the business plan template*)

## Importance of record keeping

- **Records help in controlling cash:** Records show how much money the business should have at any point. Use the records to make sure that money does not disappear or is unaccounted for.
- **Records show the owner how the business is doing:** Records help find problems before it is too late. Use the records to find out if something is going wrong, if costs are too high, if sales are falling, if there is a leakage point (yourself or another person misusing the money), and so on.
- **Records show others how the business is doing:** You need proper records when applying for a loan and paying the taxes. This is important to financiers and tax authorities.
- **Records help in planning for the future:** Records show how well the business did in the past and how well it is doing now. When the business strengths and weaknesses, will help in planning for the future.
- **Records help in remembering debtors and creditors:** The records help to know the total amount of money received from the customers as well as their names. They also help to remember the amount of money to pay to others (For example, your suppliers).



### Parting shot

*Bookkeeping is the glue that holds a business together.*



## Self-assessment

On a scale of 1 to 5, where 1 is 'Strongly Disagree' and 5 is 'Strongly Agree,' rate the extent to which you agree with the following statements.

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I can explain the meaning of bookkeeping in entrepreneurship.					
I can explain the importance of book keeping in entrepreneurship.					
I can identify simple bookkeeping tools used in entrepreneurship.					
I can record transactions in simple financial records.					

*After completing the self-assessment, take a moment to review your responses. Identify areas where you rated yourself 3 and below, and consider these as potential areas for further learning.*

## Sub unit 4: Entrepreneurial creativity and innovation

### Introduction

This sub unit covers entrepreneurial creativity and innovation in business. You will acquire knowledge, skills, values and attitudes in applying creativity and innovation.

### Entrepreneurial creativity and innovation



#### Activity 1: Group discussion

In groups, carry out the tasks that follow.



#### Tasks

1. Differentiate between creativity and innovation.
2. Explain the importance of creativity and innovation.
3. Write the main points of the discussion in your notebook.
4. Share with peers in class or in the financial literacy club.



#### Activity 2: Reading a case study

Read the case study and in pairs carry out the tasks that follow.

*EcoFarm in Kenya is a creative and innovative agricultural project run by a local entrepreneur. To tackle farming challenges, the farm uses smart ideas. They grow crops in layers, like stacking blocks, which saves space and increases the harvest. The farm also has a smart watering system that collects rainwater and uses sensors to conserve water. EcoFarm is tech-friendly too. They have a phone app that enables customers to order fresh produce directly from the farm, cutting down on transportation and ensuring the vegetables are super fresh. This shows how creative and innovative ideas can make farming better in Kenya.*



## Tasks

1. Describe the creative and innovative ideas that EcoFarm have initiated in their business venture.
2. Discuss with peers other creative and innovative ideas EcoFarm could apply in their business venture.
3. Write the main points of the discussion in your notebook.
4. Share with peers in class or in the financial literacy club.



## Extended activity

With the assistance of your parent or guardian, carry out the following tasks.



## Tasks

1. Visit the locality and identify a business that could benefit from creative and innovative ideas.
2. Discuss with the owner on the creative and innovative ideas that could benefit the business.
3. Note the main creative and innovative ideas from the discussion in your notebook.
4. Share your findings with peers in class or in the financial literacy club.



## Key Learning Points

**Creativity:** is the generation of imaginative ideas while **innovation** is the process of turning these ideas into reality.

**Importance of creativity and innovation in a business includes:**

- Increasing productivity by finding new ways to work more efficiently and get more done.
- Maximizing profits by discovering new opportunities and innovative ways to generate revenue.



- Motivating employees by fostering a culture of creativity and innovation, inspiring them to contribute their unique ideas and perspectives.
- Introducing a variety of products or services to meet various customer needs and wants helps the business stand out from competitors and attract more customers.



### Parting shot

*Creativity is the key that unlocks the door to innovation, and innovation is the door to a successful business.*



### Self-assessment

On a scale of 1 to 5, where 1 is 'Strongly Disagree' and 5 is 'Strongly Agree,' rate the extent to which you agree with the following statements:

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I am able to describe the characteristics of different types of entrepreneurs.					
I can differentiate between creativity and innovation in entrepreneurship.					
I can generate creative and innovative plans for a business.					

*After completing the self-assessment, take a moment to review your responses. Identify areas where you rated yourself 3 and below, and consider these as potential areas for further learning.*

## Sub unit 5: Entrepreneurial support services

### Introduction

This sub unit covers the meaning, importance and types of intellectual property rights, business incubation and methods of marketing goods and services. You will acquire knowledge, skills, values, and attitudes in utilizing business support services.

### Meaning and importance of intellectual property rights



#### Activity 1: Searching for information

Use available resources such as print or digital media to search for information on the meaning and importance of intellectual property rights and carry out the tasks that follow.



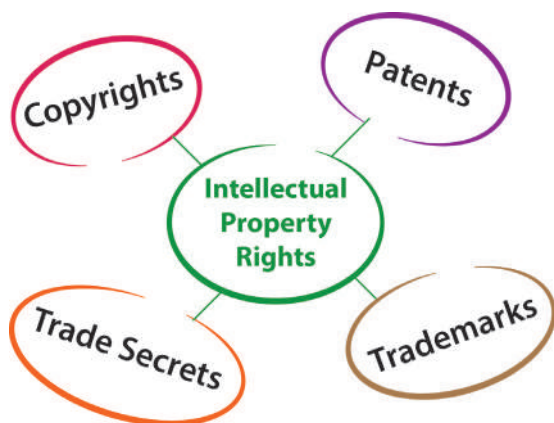
#### Tasks

1. Differentiate between intellectual property and intellectual property rights.
2. Discuss the importance of intellectual property rights.
3. Write the main points of the discussion in your notebook.
4. Share with peers in class or in the financial literacy club.

### Types of intellectual property rights



#### Activity 2: Observing a chart



Use the chart on types of intellectual property rights as a guide to search for information using relevant resources such as print or digital devices and carry out the tasks that follow.



## Tasks

1. Explain the types of intellectual property rights.
2. Discuss with peers how protection of intellectual property encourages creativity and innovation.
3. Write the main points of the discussion in your notebook.
4. Share with peers in class or in the financial literacy club.

## Business incubation



### Activity 3: Reading a conversation



Read the following conversation between Mary and John on the meaning and importance of business incubation and in groups, carry out the tasks that follow.

**Mary:** Hello John, have you ever wondered what business incubation means?

**John:** Yeah, I've heard of it, but I'm not sure I really understand it. What is it exactly?

**Mary:** Well, business incubation is giving startup companies a safe place to grow and develop. It's not just about having a space; it also means offering support, help, and advice to help these businesses succeed.

**John:** So, it's like a protective space for startups?

**Mary:** Exactly! The idea is to create an environment that helps them come up with new ideas, work together, and be successful. Incubators usually offer shared offices, mentors to guide them, income generating opportunities, and other resources startups might need.

**John:** That makes sense. It's like giving them a boost and helping them with their first problems.

**Mary:** Right. It's especially good for new businesses because they can learn from others and get help when they need it. And they can meet people who might give them money to help their business grow.

**John:** So, it's not just about having a place to work, but also about meeting new people and getting advice.

**Mary:** Exactly. It's about having a group of people who want to help you do well in business. The idea is to make it more likely that you'll succeed.

**John:** It sounds like it's good for both startups and the incubator.

**Mary:** Absolutely. If startups do well, it's good for the incubator, and if the incubator helps them, it's good for the startups.

**John:** Thanks for explaining that. It seems like business incubation is really important for making successful business ventures.

**Mary:** Definitely. It's a big part of helping new businesses grow and making new ideas happen.



## Tasks

1. Explain the meaning of business incubation.
2. Discuss the importance of business incubation.
3. Write the main points of the discussion in your notebook.
4. Share with your peers in class or in the financial literacy club.

## Marketing of Goods and services



### Activity 4: Group discussion

In groups, carry out the tasks that follow:



## Tasks

1. Explain what is marketing of goods and services.
2. Discuss the importance of marketing goods and services.
3. Write the main points of the discussion in your notebook.
4. Share with peers in class or in the financial literacy club.



### Activity 5: Studying a chart

Use the chart on methods of marketing goods and services as a guide to search for information using relevant resources such as print media or digital devices and carry out the tasks that follow:

Personal selling	Publicity - Road shows	Advertisements through mainstream media (Print, TV and Radio)
Introduction offers/free samples	Fairs and exhibitions	Sales contests
Price reduction	Online marketing	



## Tasks

1. Describe the methods of marketing goods and services shown in the chart.
2. Discuss the advantages and disadvantages of the methods.
3. Write the main points of the discussion in your notebook.
4. Share with peers in class or in the financial literacy club.



## Activity 6: Role playing

In pairs, role play on the methods of marketing goods and services by carrying out the following Tasks.



## Tasks

1. Choose a method of marketing goods and services.
2. With one person acting as a customer and the other as a buyer, role-play marketing of a good or a service.
3. Switch roles and role play another method of marketing goods and services.
4. Share experiences on the role-play exercise.



## Extended activity

With the assistance of your parent or guardian, visit a business enterprise in your locality and carry out the tasks follow.



## Tasks

1. Discuss how the business markets its goods and services.
2. Write the main points of the discussion in your notebook.
3. Share with peers in class or in the financial literacy club.



## Key learning points

**Entrepreneurial support services:** Helps business owners with advice, coaching, learning, and connecting with others to help their businesses grow.

**Intellectual property:** This means protecting the ideas and creations that belong to a creator or a business.

**Intellectual Property Rights: This** are legal protections that give creators control over their inventions and creative works, encouraging new ideas and letting owners control how they are used and shared.

**Types of Intellectual Property Rights (IPRs) include:**

- Patent: a special right given to an invention allowing the inventor total rights to make, use, and sell the invention for a certain period of time.
- Copyright: a special legal right given to the creator of an idea or invention for a certain number of years to allow for control, use and distribution of their original works.
- Trademarks: These are particular signs, symbols, or logos used by businesses to identify and distinguish their products or services from those of others in the marketplace.
- Trade Secrets : These are valuable business information like how things are made, business plans, or customer lists that give a person or business a competitive advantage over other business enterprises.

**Business incubator:** This is a program that provides support and resources to early-stage business and startups.

**Services offered by business incubators are:**

- Training for managing businesses
- Advice and mentorship services
- Help in finding financial resources
- Assist with basic business tasks
- Use of office space and other necessary resources

## Ways of marketing goods and services involve;

- Personal selling
- Advertisements through mainstream media (Print, TV and Radio)
- Online marketing
- Price reduction



### Parting shot

*Entrepreneurial support services play an important role in nurturing innovation.*



### Self-assessment

On a scale of 1 to 5, where 1 is 'Strongly Disagree' and 5 is 'Strongly Agree,' rate the extent to which you agree with the following statements:

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I can explain how entrepreneurial support services empower businesses.					
I can differentiate between intellectual property and intellectual Property Rights.					
I can describe the types of Intellectual Property Rights.					



I am able to explain the services offered by business incubators.					
I can describe various ways of marketing goods and services					

*After completing the self-assessment, take a moment to review your responses. Identify areas where you rated yourself 3 and below, and consider these as potential areas for further learning.*

## Sub unit 6: Succession planning and risk mitigation

### Introduction

This sub unit covers the meaning, importance and steps in succession planning and risk mitigation. It also covers legal issues in succession planning as well as the procedure of insuring a business. You will acquire knowledge, skills, values and attitudes in planning for succession and risk mitigation.

### Meaning and importance



#### Activity 1: Searching for information

Use available resources such as print or digital media to search for information on the meaning and importance of succession planning and risk mitigation and carry out the following tasks.



#### Tasks

1. Differentiate between succession planning and risk mitigation.
2. Discuss the importance of succession planning and risk mitigation.
3. Write the main points of the discussion in your notebook.
4. Share with peers in class or in the financial literacy club.





## Activity 2: Reading a poem

Read the poem on the importance of succession planning in a business and in pairs, carry out the tasks that follow:

*In the school of learning, a story is told,  
About businesses, futures, and plans unfold.  
High school minds, keen to know,  
About succession planning and how it makes businesses grow.*

*In the world of businesses, big and small,  
A journey begins, answering the call.  
Succession planning, like a guiding light,  
Making sure the future stays bright.*

*Passing the leadership torch with care,  
Protecting the business for a future so fair.  
From one generation to the next,  
Succession planning ensures success.*

*Facing risks, a reliable guide in our hand,  
Helping the business in a world so big,  
With strong plans, facing challenges each day,  
A resilient business will find its way.*



### Tasks

1. Discuss with peers the importance of succession planning.
2. Write the main points of the discussion in your notebook.
3. Share with peers in class or in the financial literacy club.

## Steps in succession planning



### Activity 3: Studying a chart

Use the chart on the steps in succession planning to search for information using relevant resources such as print or digital devices and carry out the tasks that follow.



### Tasks

1. Describe the steps of succession planning.
2. Discuss with peers the importance of each of the steps.
3. Write down the main points of your discussion in your notebook.
4. Share with peers in class on in the financial literacy club.

## Legal issues in succession planning



### Activity 4: Reading a story

Read the following story on legal issues in succession planning and in groups, carry out the tasks that follow.

Bidii Enterprises, a family business, is facing significant changes as founder Ms. Fatuma prepares to hand over the reins to her son, John. This transition brings to light several critical legal considerations that require careful attention to ensure the continued success of the business.

Firstly, it's crucial to officially designate John as the successor within the company. This step helps prevent disputes and provides a clear direction for the future of Bidii Enterprises.

Next, Bidii Enterprises must address the distribution of property. They need to determine ownership and divide assets appropriately to maintain stability and continuity within the business.

Additionally, the business structure needs evaluation to ensure a smooth transition. Different structures require tailored succession plans to manage ownership transfers effectively.

Taxation is another significant aspect that requires attention. Resolving any outstanding taxes and debts before the succession is essential to prevent John from inheriting financial burdens that could hinder the business's operations.

Furthermore, planning for post-retirement benefits for Ms. Fatuma and potentially John is crucial. This ensures their financial security and stability during the transition period.

Lastly, Bidii Enterprises must consider employment considerations. The succession may impact employees, and measures must be taken to address their concerns and ensure their continued loyalty and protection. By carefully addressing these legal considerations, Bidii Enterprises can facilitate a seamless transition of leadership and secure its future success.



## Tasks

1. Describe the legal issues in succession planning from the case study.
2. Write the main points of the discussion in your notebook.
3. Share with peers in class or in the financial literacy club.

### Insuring a business



## Activity 5: Brainstorming

In pairs, carry out the following tasks.



## Tasks

1. Explain the meaning and terms used in insurance.
2. Discuss with peers the importance of insurance.
3. Write the main points of the discussion in your notebook.
4. Share with peers in class or in the financial literacy club.



## Activity 6: Filling in a word search puzzle

Study the word search puzzle below and in pairs, carry out the tasks that follow

H	Z	I	G	E	U	C	U	D	K	Q	C	R	W	Y
Q	E	H	H	M	C	K	L	S	E	O	G	Z	N	R
B	J	F	N	U	J	N	I	A	V	R	X	H	N	Z
N	K	B	X	I	T	R	A	E	I	P	U	J	Z	A
O	P	L	W	M	E	W	R	R	S	M	N	S	D	M
I	I	X	I	E	D	E	P	N	U	M	V	N	N	I
T	S	B	I	R	Y	U	O	Q	T	S	K	H	M	I
A	Y	B	U	P	C	J	L	G	J	I	N	W	S	Q
S	Q	G	U	F	D	X	I	T	F	O	C	I	N	P
N	S	E	I	R	A	I	C	I	F	E	N	E	B	Y
E	S	O	A	T	W	F	Y	X	R	G	T	B	Y	B
P	S	H	R	B	H	N	B	W	Y	H	G	Q	G	P
M	G	C	R	R	G	M	E	O	S	X	Q	O	I	A
O	G	S	W	V	A	F	W	H	K	U	I	Z	J	K
C	N	R	W	Z	G	K	M	I	N	S	U	R	E	R

**INSURANCE, PREMIUM, RISK, INSURER, CLAIM, COMPENSATION, POLICY, COVER, BENEFICIARIES, INSURED.**



### Tasks

1. Locate each of the terms used in insurance in the word search puzzle.
2. Share with peers in class or in the financial literacy club.

## Types of insurance



### Activity 7: Group discussion

In groups carry the tasks that follow.



#### Tasks

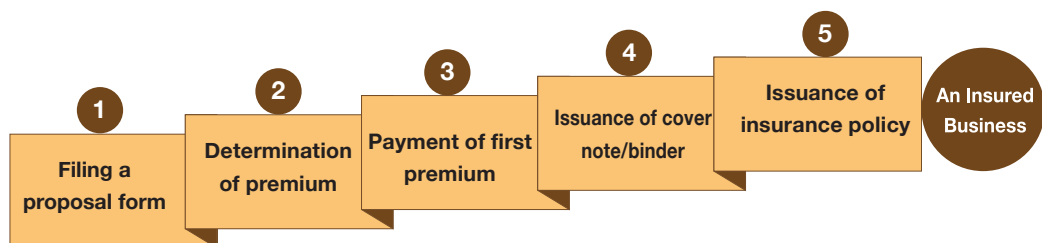
1. Discuss the types of insurance for a small business.
2. Write the main points of your discussion in your notebook.
3. Share with peers in class or in the financial literacy club.

## Procedure for insuring a business



### Activity 8: Reading a chart

In groups, read the chart on the procedure for insuring a business and carry out the tasks that follow:



#### Tasks

1. Discuss the procedure of insuring a business.
2. Write the main points of your discussion in your notebook.
3. Share with peers in class or in the financial literacy club.



## Extended activity

With the assistance of your parent or guardian, visit a business enterprise and have a discussion with the owner on the following:

1. Types of insurance that the business has.
2. Discuss the procedure for insuring the business.
3. Write the main points of the discussion in your notebook.
4. Share with peers in class or in the financial literacy club.



## Key learning points

**Succession planning:** This is a process in organizations that involves identifying and developing individuals with the potential to assume key roles in the future.

**Risk mitigation:** This involves identifying, assessing, and minimizing potential threats that could negatively impact the organization's operations.

### Importance of succession planning include;

- It helps in keeping hiring costs down
- improves your employer's brand
- boosts retention rates all at the same time
- helps to maintain a foundation of organisational stability
- ensures that even when key employees leave, their absence is not felt.

### The steps in the succession planning of a business are:

- Identifying key positions: Recognizing which jobs are critical for the business's success.
- Assessing skills and abilities needed: Figuring out what qualities and talents are necessary for those key positions.
- Identifying employees: Finding out which current staff members have the skills and abilities required for those key positions.
- Developing and training employees: Providing employees with



opportunities to acquire the skills and knowledge needed for key positions through education, mentoring, and hands-on experience.

- Continuing the evaluation process: Ongoing assessment and development of employees to ensure they are prepared for future roles.

**Legal issues in succession planning involves:**

- Naming a Successor: Failure to designate a successor can lead to disputes and court intervention, affecting business continuity.
- Distribution of Property: Addressing property ownership and distribution ensures assets remain within the business or are allocated appropriately.
- Business Structure: Each business structure requires a tailored succession plan to navigate complexities involving ownership transfer.
- Taxation: Resolving outstanding taxes and debts before succession prevents successors from inheriting financial burdens.
- Benefits Planning: Determining post-retirement benefits for owners/managers is crucial for smooth succession transitions.
- Employment Considerations: Succession impacts employees, who may choose to stay or leave, necessitating measures to ensure loyalty and protection.

**Types of insurance for small businesses include:**

- Liability insurance protects the business from legal claims for injury or damage caused to others.
- Property insurance covers the cost of repairing or replacing physical assets like buildings, equipment, and inventory in case of damage or loss.
- Health insurance provides coverage for medical expenses and treatments for employees or yourself as a business owner.
- Business interruption insurance helps cover lost income and expenses during periods when the business operations are temporarily halted due to unforeseen events such as natural disasters or equipment breakdowns.
- Cyber risk insurance protects the business from financial losses associated with data breaches, cyberattacks, or other cybersecurity incidents.

## Procedure of insuring a business entity for sustainability involves;

- Completing a proposal form where the insured shares all relevant information about the property or life to be covered.
- Calculating the monthly premium based on the disclosed information in the proposal form.
- Making the first premium payment once the insurer agrees to cover the risks.
- Receiving a cover note or binder, which confirms that the insured is covered.
- Receiving the policy within 30 days, which outlines all the terms and conditions of the coverage.



### Parting shot

*Insurance is not just a policy; it's a promise to shield, support, and reduce the impact of life's unpredictable events.*



### Self-assessment

On a scale of 1 to 5, where 1 is 'Strongly Disagree' and 5 is 'Strongly Agree,' rate the extent to which you agree with the following statements.

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I am able differentiate between succession planning and risk mitigation in entrepreneurship.					
I can explain the importance of succession planning and risk mitigation in a business enterprise.					
I can describe the steps in succession planning.					

I am able to explain the legal issues in succession planning.					
I can describe the types of insurance for a small business.					
I can outline the procedure for insuring a business.					

*After completing the self-assessment, take a moment to review your responses. Identify areas where you rated yourself 3 and below, and consider these as potential areas for further learning.*

### Sub unit 7: Business plan

This sub unit covers the meaning, importance and sections of a business plan, including preparation and filling in a business plan template. You will acquire knowledge, skills, values and attitudes in preparing a business plan.

#### Meaning, importance and sections of a business plan



#### Activity 1: Searching for information

Use available resources such as print or digital media to search for information on the meaning and importance of a business plan and in groups do the tasks that follow.



#### Tasks

1. Explain the meaning and importance of a business plan.
2. Discuss with peers the main sections of a business plan.
3. Write the main points of the discussion in your notebook.
4. Share with peers in class or in the financial literacy club.





## Activity 2: Filling in a business plan template

Fill in the business plan template.

### 1. Business description

Name of the business.....

Owner(s). contact information

.....  
.....  
.....  
.....

Type and nature of the business (manufacturing, services, etc.)

.....  
.....  
.....

Brief description of what the business does, price and distribution of the products/services and how the business process is structured.

.....  
.....  
.....  
.....  
.....

Vision of the business

.....  
.....

Product of the business

.....



.....  
.....

Business goals

.....  
.....  
.....

Location of the business

.....  
.....  
.....

## **2. Market analysis**

Market of the product

.....  
.....  
.....  
.....

Clients and their characteristics

.....  
.....  
.....  
.....

Market potential

.....  
.....  
.....  
.....



Marketing methods

.....  
.....  
.....  
.....

Distribution networks

.....  
.....  
.....  
.....

**3. Management plan**

Management structure of the business (indicate how the business will be managed)

.....  
.....  
.....  
.....

Expertise required (legal, accountancy, sales persons etc)

.....  
.....  
.....  
.....

Roles and responsibilities of business staff

.....  
.....  
.....  
.....

**4. Marketing plan**

Product or service and consumer needs it meets .....

Define potential customers (remember that there are different clients with different needs). .....

How much are the potential clients willing to pay for your product or service? .....

How do you know they are willing to pay that much? What are the prices applied by competitors? .....

What other factors should be considered when setting the price? .....

What is the best place and best-selling method to reach potential clients and to have the highest possible level of sales? .....



Is there a need to have more than one place to serve the needs of potential clients?

.....  
.....  
.....  
.....

## 5. Financial plan

Personal financial statement

Total income .....

Total expenses .....

Total cash required to run the business

.....

Projected revenues and expenditures of the business for a year

.....  
.....  
.....

How much will you produce to reach the break-even point? (point at which expenses and income are equal)

.....  
.....  
.....

List of all the equipment, materials and costs necessary for the business

.....  
.....  
.....





.....

Projected cash flows of the business (cash coming into business and cash going out of business)

Cash in Amount

Cash at the start of the month.....

Cash in from sales.....

Any other cash in .....

less

cash out

Cash out for material costs.....

Cash out for labour costs.....

Cash out for overhead costs.....

Cash out for planned investments (e.g. in equipment) Any other cash out

Net cash.....

Projected statement of financial position (balance sheet) showing assets and liabilities of the business

Assets

Fixed Assets

.....  
.....  
.....

Add

Current assets



.....

.....Total

assets.....

Capital

Long term liabilities

.....

.....

Current liabilities

.....

.....

Total capital & liabilities .....



### Extended activity

With the assistance of your parent or guardian, carry out the following tasks.



### Tasks

1. Brainstorm ideas for a business you would like to start in your locality.
2. Use the template provided in Activity 2 to prepare a business plan for the chosen business opportunity.
3. Share the completed business plan with peers in class or in the financial literacy club.



## Key Learning Points

A **business plan** is a document that outlines the goals of a business how it intends to achieve them.

### **The purpose of a business plan is to:**

- Check if the business idea is doable.
- Identify any limitations that might impact the business.
- Find out potential opportunities for the new business.
- Plan how the business can grow effectively.
- Predict what money the business will need in the future.
- Get investors and lenders interested in funding the business.

### **The main sections of a business plan include:**

- **Business Description:** This section provides an overview of the company, including its mission, vision, history, products or services offered, and legal structure.
- **Market Analysis:** The target market, industry trends, customer needs, competitive landscape, and potential market opportunities and threats are thoroughly examined.
- **Management Plan:** This section outlines the organizational structure, key personnel, management team's qualifications, roles and responsibilities, and strategies for talent acquisition and development.
- **Marketing Plan:** Strategies for promoting the business, identifying target customers, positioning products or services, pricing strategies, distribution channels, and promotional activities are detailed in this section.
- **Financial Plan:** A detailed analysis of financial projections, including revenue forecasts, expense budgets, cash flow statements, and break-even analysis, along with funding requirements, sources of financing, and potential return on investment for investors, is provided here.



## Parting shot

*Every successful enterprise starts with a well thought out business plan.*



## Self-assessment

On a scale of 1 to 5, where 1 is 'Strongly Disagree' and 5 is 'Strongly Agree,' rate the extent to which you agree with the following statements.

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I can explain the meaning of a business plan.					
I can explain the importance of a business plan.					
I am able to describe the main sections of a business plan.					
I am able to prepare a simple business plan.					

*After completing the self-assessment, take a moment to review your responses. Identify areas where you rated yourself 3 and below, and consider these as potential areas for further learning.*

# UNIT 7: ICT in Personal Finance Management

## Introduction

Information and Communication Technology (ICT) in personal financial management is the use of automated tools to carry out financial activities. This unit covers ICT in financial transactions, online financial transaction, digital taxation, ICT for security and communication as well as cybersecurity. You will acquire knowledge, skills, values and attitudes to carry out safe online financial transactions.

## Sub unit 1: ICT in financial transactions

This sub unit covers the meaning and importance of ICT in financial transactions. You will acquire knowledge, skills, attitudes and values on the application of ICT in financial transactions.



### Activity 1: Studying Pictures

In pairs, study the pictures below and carry out the tasks that follow.





## Tasks

1. Identify the financial transaction tools above.
2. Discuss how each tool is used to carry out financial transactions.
3. Brainstorm on other ICT tools used to carry out financial transactions .
4. Share with your peers in class or in a financial literacy club.



## Activity 2: Group Discussion

In groups, perform the tasks that follow.



## Tasks

1. Discuss the meaning and importance of ICT tools in financial transactions.
2. Write your findings in your notebook.
3. Share with your peers in class or in a financial literacy club.



## Extended Activity

1. Visit a retail shop and observe the operation of any ICT tool used in financial transactions.
2. Write the findings in your notebook.
3. Share with your peers in class or in the financial literacy club.



## Key learning points

### Meaning of ICT

- ICT stands for Information and Communication Technology.
- Financial transactions refer to an agreement or communication between a buyer and a seller on how to carry out business.

- ICT as a tool in financial transactions facilitates the smooth and efficient execution of agreements and payments made between the buyer and the seller.

### Importance of ICT Tools in financial transactions

- Monitor and organize their expenses.
- Automate bill payments.
- Perform digital budgeting.
- Receive automated alerts from digital investment platforms.



#### Parting Shot

*“Technology is the backbone of e-commerce :*



#### Self-assessment

On a scale of 1-5, where 1 is ‘Strongly Disagree’ and 5 is ‘Strongly Agree’, rate the extent to which you agree with the following statements:

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I can explain the meaning of ICT in financial transactions					
I can list four importance of ICT in financial transactions					

*After completing the self-assessment above, take a moment to reflect on your responses and identify where you rated yourself 3 and below; consider these as potential areas for further learning.*

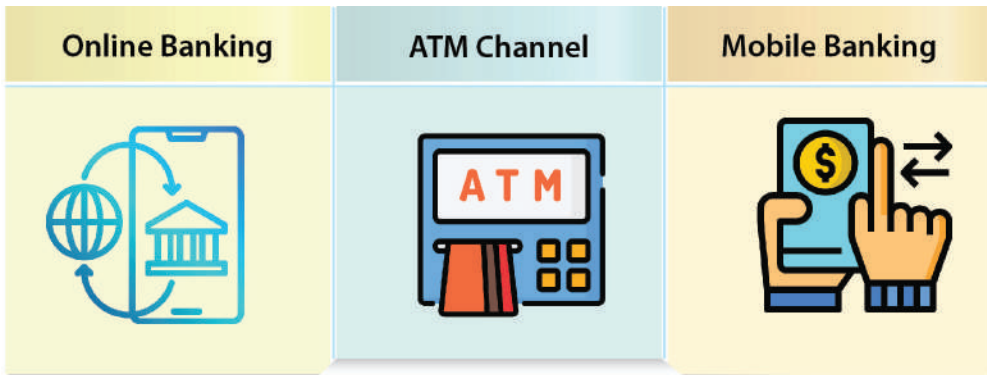
## Sub unit 2: Online financial transactions

This sub unit covers the concept of e-commerce, electronic fund transfer (EFT), mobile banking, investing using ICT and ethical and unethical practices in E-commerce. You will acquire knowledge, skills, values and attitudes on e-commerce.



### Activity 1: Study the pictures

In pairs, study the pictures below and perform the tasks that follow.



### Tasks

1. Discuss the characteristics of each online banking platform from the above pictures.
2. Explain how to carry out online banking using each of the platforms in the above pictures?
3. Share with your peers in class or in a financial literacy club.



### Activity 2: Searching for Information

In groups, use relevant resources such as print or digital media to search for information on the meaning and importance of e-commerce and carry out the tasks that follow.





## Tasks

1. Explain the meaning and importance of e-commerce, EFT, Mobile banking and investing using ICT.
2. Write the findings on your notebook.
3. Share with your peers in class or in a financial literacy club.



## Activity 3: Group discussion

In groups carry out the following tasks.



## Tasks

1. Discuss ethical and unethical practices in e-commerce.
2. Write the findings in your notebook.
3. Share with your peers in class or in a financial literacy club.



## Extended activity

With the help of parent or guardian, carry out any of the following tasks.



## Task 1

1. Use an e-commerce platform to place an order for a good or service.
2. Pay for the item via M-pesa go application.
3. Share the experience with your peers in class or in a financial literacy club.



## Task 2

1. Use a mobile device or visit a mobile banking agent to withdraw or deposit money to your bank account.
2. Get a receipt and confirm the transaction.
3. Share the experience with your peers in class or in a financial literacy club.



## Task 3

1. Visit a shop and purchase an item.
2. Use a debit or Automated Teller Machine (**ATM**) card to pay for the item.
3. Share the experience with your peers in class or in a financial literacy club.



## Key learning points

**Online transactions:** This refers to a payment technique where funds are transferred electronically using the internet.

**Online financial transactions include: -**

- E-commerce: This is the buying and selling of goods and services over the internet using credit or debt cards, or mobile payments options in online shops.
- EFT: This refers to digital transfer of money within bank accounts
- Mobile banking: This is the use of mobile applications to provide banking services to customers
- Saving and investing using ICT tools: This refers to putting money into account, buying and selling of financial instruments such as bonds, stocks equities and commodities through an electronic platform.

- Ethics: This is more than knowing what is right and what is wrong.
- Ethical e-Commerce practices: This is about the values we hold and implementing them for a positive change.
- Un ethical e-Commerce practices: This refers to the responses to issues of marketing manipulation and unsustainable business practices.

### **Ethical e-commerce practices include;**

- Establishing core Values that help e-business set priorities and plan for the future.
- Gaining consumer trust by making a commitment to meet customers' needs.
- Securing customer data such as addresses, customer account numbers, bank and credit card information.
- Creating ethical web content by not publishing misleading statements that could give consumers the wrong idea about the products you offer; for example, exaggerating claims about the quality of a product.

### **Unethical e-commerce practices include;**

- Fraud: This is wrongful or criminal deception intended to result in a financial gain
- Counterfeit products: This is trading in fakes or unauthorized replicas of the real product.
- Discrimination: This is unfairly treating customers based on their race, ethnicity, gender, age, or other personal characteristics.
- Unreliable customer service - This is not giving the customers the right and reliable service.



### **Parting shot**

*“E-commerce is a powerful means to connect the unconnected to global trade” - Arancha Gonzalez*



## Self-Assessment

On a scale of 1-5, where 1 is 'Strongly Disagree' and 5 is 'Strongly Agree', rate the extent to which you agree with the following statements:

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly Agree 5
I can explain the concept of ecommerce in financial transactions					
I can explain the concept of EFT in financial transactions					
I am able to explain how ICT is used in investments and savings					
I can explain the ethical and unethical practices when carrying out transactions					

*After completing the self-assessment above, take a moment to reflect on your responses and identify where you rated yourself 3 and below; consider these as potential areas for further learning.*

## Sub unit 3: Digital taxation

This sub unit covers digital taxation. You will acquire knowledge, skills, values and attitudes on digital taxation.



### Activity 1: Brainstorming

In pairs; carry out the following tasks.



#### Tasks

1. Explain the meaning of digital taxation.
2. Discuss goods and services on which digital service tax is levied or charged.
3. Write the main points of the discussion in your notebook.
4. Share with your peers in class or in a financial literacy club.



### Activity 2: Group discussion

In pairs, study the table below on areas of digital taxation and carry out the tasks that follow.

Digital Service Taxes (DSTs)			
Online Trading	Electronic Advertising	Cloud computing	Other digital services



#### Tasks

1. Discuss each of the above services with specific examples.
2. Write the main points of the discussion in your notebook

3. Share with your peers in class or in a financial literacy club.



### Extended Activity

With the help of parent or guardian/or peer do the following tasks.



### Tasks

1. identify a product and place an order online.
2. Follow the due process and stop at the pay point. Note the online tax levied or charged.
3. Share with your peers in class or in the financial literacy class.



### Key learning points

- Digital Service Tax (DST) is payable on income derived or accrued from a business carried out over the internet; such as online trade, electronic advertising, cloud computing, and various other digital services e.g. downloadable digital content, over-the-top services, subscription-based media among others
- For goods sold on digital or social media platforms the suppliers are required to declare the income earned under the self-assessment regime
- Kenyan residents who have a Personal Identification Number ( PIN) can register for Value Added Tax (VAT) through the i-tax platform. This however, is an online application that is subject to approval by KRA



### Parting shot

*“Taxes are the lifeblood of government and no taxpayer should be permitted to escape the payment of his just share of the burden of contributing thereto” Arthur Vanderbilt.*



## Self-Assessment

On a scale of 1-5, where 1 is 'Strongly Disagree' and 5 is 'Strongly Agree', rate the extent to which you agree with the following statements:

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I am able to state the meaning of digital taxation					
I can register Digital Service Tax					
I astate three type of goods and services that can be subjected to digital taxation					

*After completing the self-assessment above, take a moment to reflect on your responses and identify where you rated yourself 3 and below; consider these as potential areas for further learning.*

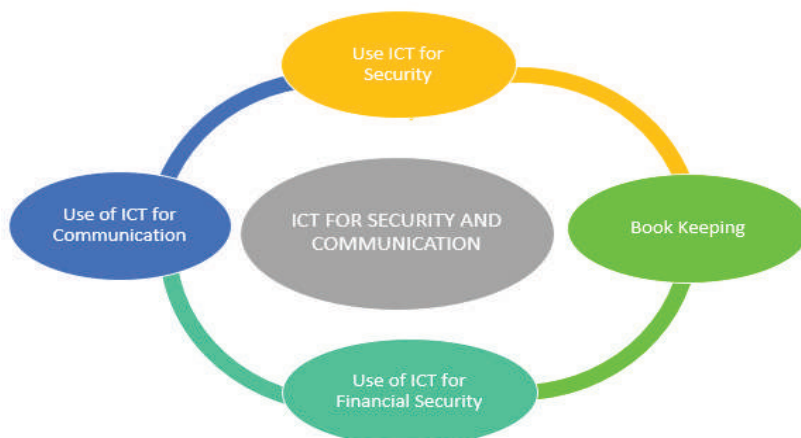
## Sub unit 4: ICT for security and communication

This sub unit covers ICT for financial security and communication. You will acquire knowledge, skills, values and attitudes on financial security.



### Activity 1: Studying the diagram

In groups, study the diagram and do the tasks that follow.



### Tasks

1. Discuss how ICT is used in each of the four areas:
  - a) Personal security
  - b) Communication
  - c) Bookkeeping
  - d) Financial security
2. Share with your peers in class or in the financial literacy club.



### Extended Activity

Visit a business premises within the locality that has CCTV security system. By asking relevant questions, establish and write down how the system is used to secure the home or business premises from illegal activities.





## Key learning points

ICT tools can be used to protect confidential information from unauthorized use, modification, or loss confidential data.

ICT tools can also be used to secure financial resources, provide book keeping, taxation and communication services.



## Parting shot

*“Think before you click”*



## Self-Assessment

On a scale of 1-5, where 1 is ‘Strongly Disagree’ and 5 is ‘Strongly Agree’, rate the extent to which you agree with the following statements:

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly Agree 5
I can explain the terms personal security, book keeping, financial security and communication					
I can explain how ICT is used in communication					
I can explain how ICT is used in book keeping					
I can explain how ICT is used in personal security					

*After completing the self-assessment above, take a moment to reflect on your responses and identify where you rated yourself 3 and below; consider these as potential areas for further learning.*

## Sub unit 5: Cyber security

### Introduction

This sub unit covers cyber security. You will acquire knowledge, skills, values and attitudes on cyber security.



#### Activity 1: Searching for information

Use available resources print or digital media to search for information on cyber security and carry out the following tasks.



#### Tasks

1. Discuss the risks associated with the use of social media.
2. Explain the measures used to minimize social media abuse.
3. Brainstorm on ethical ways of embracing hacking in cybersecurity.
4. Write the main points in your notebook.
5. Share with your peers in class or in the financial literacy club.



#### Activity 2: Listening to a resource person on cyber security

Your patron of the financial literacy club will invite a resource person to share information on cyber security. In groups, perform the tasks that follow.



## Tasks

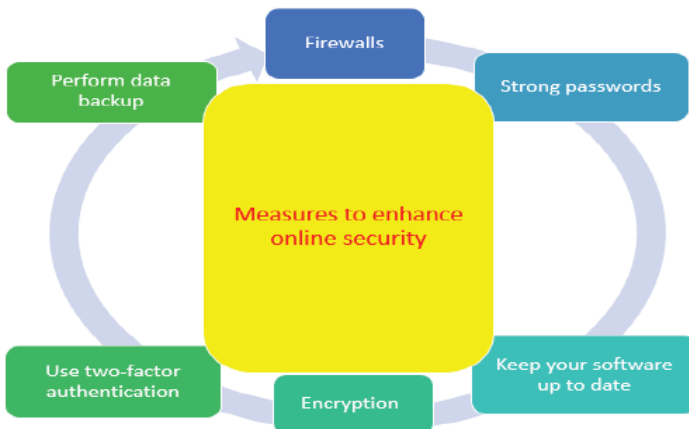
In groups, discuss and find out the following from a resource person.

1. The meaning of cyber security.
2. Threats posed through unsafe online behavior.
3. Ethical ways of embracing hacking in cyber security.
4. Share with your peers in class or in the financial literacy club.



## Activity 3: Reading a diagram

Read the diagram below and perform the tasks that follow.



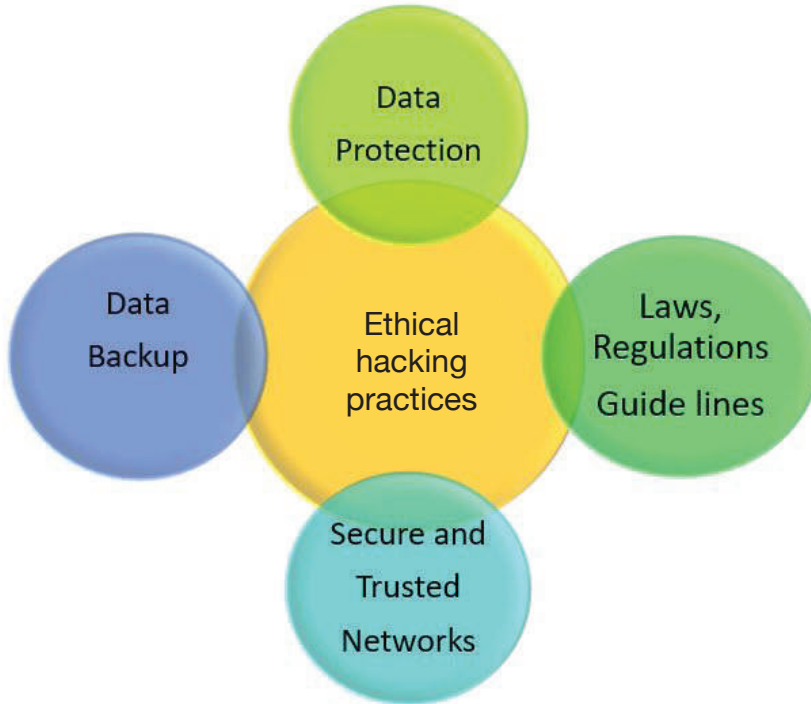
## Tasks

1. In groups, discuss each statement in relation to measures to enhance online security.
2. Write the main points in your notebook.
3. Share with your peers in class or in a financial literacy club.



## Activity 4: Studying a chart

Study the chart below and in pairs perform the tasks that follow.



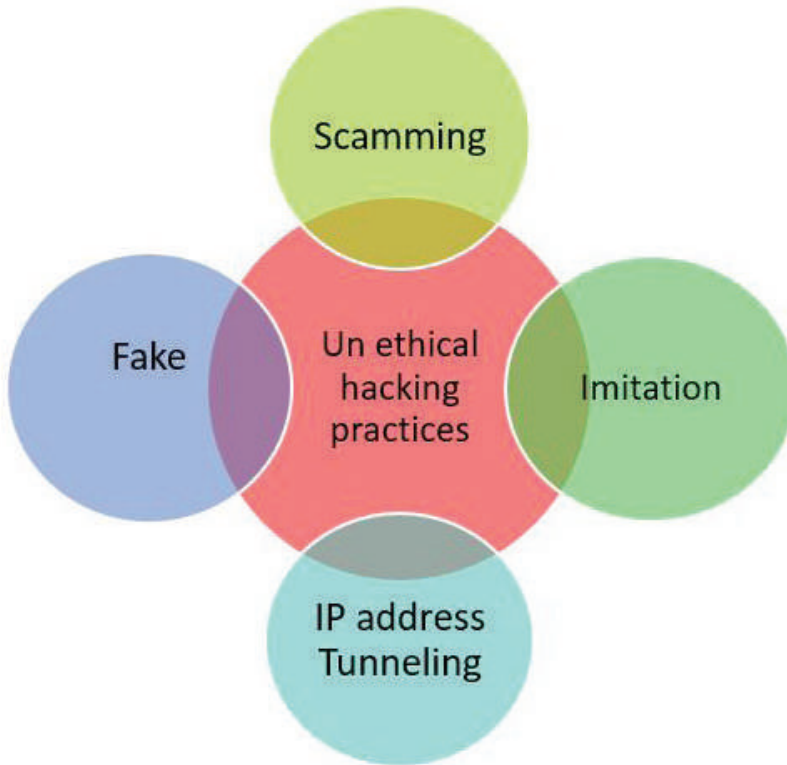
### Tasks

1. Explain the meaning of ethical hacking practice.
2. Discuss each statements in relation to ethical hacking practices.
3. Share with your peers in class or in a financial literacy club.



## Activity 5: Observing a diagram

Observe the diagram below and in pairs perform the tasks that follow.



### Tasks

1. Discuss each statements in relation to unethical hacking practices.
2. Write the main points in your notebook.
3. Share with your peers in class or in a financial literacy club.



## Extended Activity

Invite a cybersecurity professional to talk about careers in cybersecurity and other ICT fields during the financial literacy club activities.

1. Write the main points in your notebook.
2. Share with your peers in class or in a financial literacy club.



## Key learning points

### Meaning of cybersecurity and related terms

- Cybersecurity is the practice of protecting digital resources from online attacks.
- These attacks are usually aimed at accessing, changing, or destroying valuable information; extorting money from users; or interrupting normal business processes.
- Hacking is the act of compromising digital devices and networks through unauthorized access to an account or computer system.
- Ethical hacking involves an authorized attempt to gain unauthorized (restricted) access to a computer system, application, or data. This practice helps to identify security vulnerabilities which can then be resolved before a malicious attacker has the opportunity to exploit them.
- Unethical hacking involves using hacking methods for financial gain, stealing personal information, or disrupting computer systems.

### Ways of ensuring cybersecurity

- Use online financial services responsibly to avoid the following online threats; threat of loss or manipulation of information, money or identity through compromised passwords, hackers, and online companies selling compromising data.

This can be done by:

- Taking measures to enhance online security that is Keeping your software up to date, routinely changing password, data backup by routinely creating a copy of essential data,
- Understanding risks associated with the use of social media such as Social Media Bullying, Phishing emails and messages **Unsafe Browsing.**

- Understanding Measures to minimize social media abuse by identifying and blocking deceptive emails, messages, apps, or websites designed to trick you into revealing sensitive information



## Parting Shot

*“Protect your business by investing in cybersecurity”*



## Self-Assessment

On a scale of 1-5, where 1 is ‘Strongly Disagree’ and 5 is ‘Strongly Agree’, rate the extent to which you agree with the following statements:

Statement	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I explain the meaning of cybersecurity in ICTsecurity					
I can identify threat posed unsave online behaviour					
I can state measures used mto enhance online security					
I can explain ethical and unethical ways of embracing hacking					

*After completing the self-assessment above, take a moment to reflect on your responses and identify where you rated yourself 3 and below; consider these as potential areas for further learning.*

## LEARNER'S CHALLENGE

1. The statements below are true about terms used in personal income, which one is **false**?
  - A) Net income is the amount of money available to an individual for saving, spending or investment.
  - B) Passive income is the money earned from investments such as rental properties.
  - C) Gross income is the total amount of money an individual receives from inheritance.
  - D) Active income is money received as direct payment for work done.
2. One of the following is **not** a source of personal income
  - A) Renting out a house
  - B) Business profits
  - C) Money kept in a penny bank
  - D) Dividends earned from shares
3. Below are ways of generating income using talents and ability which one is **false**
  - A) Drawing a portrait of the president and selling it to people
  - B) Buying and selling jewelry, curving and artworks
  - C) Making a very beautiful sofa set for selling
  - D) Dancing for tourists in Bomas of Kenya
4. Which of the following statements is **false** about unethical practices in generating income
  - A) Selling substandard and counterfeit goods
  - B) Fraudulent business activities and conning people
  - C) Running a legal business
  - D) Not paying tax
5. What is a **need**?
  - A) Something you desire for personal satisfaction
  - B) An essential requirement for survival and well-being
  - C) A luxury item for the occasional indulgence
  - D) An optional item for comfort



6. Which of the following is the **odd** one out in relation to needs and wants?
- A) Food
  - B) Shelter
  - C) Smartphone
  - D) Clothing
7. Why are **needs** considered essential?
- A) They provide comfort and luxury
  - B) They are necessary for survival
  - C) They fulfill personal desires
  - D) They are optional for well-being
8. How can **wants** be characterized?
- A) Essential for survival
  - B) Necessary for a human existence
  - C) Optional and driven by personal desires
  - D) Basic requirements for life
9. What do you understand by the term **goods**?
- A) Shoe-shining
  - B) Physical items
  - C) Professional skills
  - D) Information
10. Which of the following is an example of a **service**?
- A) Smartphone
  - B) Hairdressing
  - C) Laptop
  - D) Shoes
11. Which of the following statements is **true**?
- A) Goods are intangible; services are tangible
  - B) Goods are produced; services are consumed
  - C) Goods are physical items; services are actions or performances

D) Goods are always more expensive than services

12. What is the first **step** in setting financial goals?

- A) Plan implementation
- B) Establish a time frame
- C) Self-assessment of your financial status
- D) Create a plan

13. Why is it important to make financial goals **specific**?

- A) It makes them clear and precise.
- B) It aligns with personal values.
- C) It quantify and track progress.
- D) It adds flexibility to the goals.

14. What role does regular **review** and **adjustment** play in financial goal setting?

- A) It ensures goals are rigid and unchanging
- B) It helps monitor progress and modify plans if needed
- C) It adds unnecessary complexity to the process
- D) It only applies to short-term goals

15. Which is the **odd** one out in relation to financial goals?

- A) Time Bound
- B) Measurable
- C) Relevant
- D) Achieve

16. The following is a word that explains a plan of how you are planning to use your money. Which one is **correct**?

- A) Expenditure
- B) Spending
- C) Budgeting
- D) Finances



17. The following are factors to consider when making a budget. Which one is **not**?

- A) Income
- B) Needs and wants
- C) Savings
- D) Investment

18. Zuri and Arifa were visiting a nearby market to buy some goods. On their way home, Zuri saw a nice dress which was not included in their budget and bought it. What can we say about Zuri's **spending** habit?

- A) Zuri was able to stick to the budget
- B) Zuri made an impulse buying
- C) Zuri spent wisely
- D) None of the above

19. In a financial literacy class, Martin, John, Maria and Anne were debating on good and bad practices in budgeting. They gave the following comments: Martin- 'overspending with friends', John- 'buying a lot of snacks', Maria- 'bought a watch she had budgeted for', and Anne- 'bought a toy which was not budgeted for'.

Who exhibited good budgeting **practice**?

- A) Martin
- B) Anne
- C) John
- D) Maria

20. The following are the components of a budget. Which one is **not**?

- A) Income
- B) Money to spend and saved
- C) Cost of things/items you want
- D) A list of needs and wants

21. Which **expense** should go into your budget first?

- A) Food
- B) Fuel

- C) Books
- D) TV

22. As a learner how can a **budget** help you with your financial goals?

- A) Makes it easier to plan the income
- B) Control my expenses
- C) Make retirement saving easier
- D) Keep one from overspending

23. Which of the following statements is **not** true about saving?

- A) It involves setting some money aside for future use.
- B) It involves setting some money aside for emergencies.
- C) It involves setting some money aside for spending.
- D) It involves spending your money on necessities only.

24. Identify one statement which is **not** an importance of saving.

- A) It provides capital for investments.
- B) It provides money for future spending.
- C) It helps in generation of wealth.
- D) It helps one in achieving their financial goals.

25. The following are ways of saving money; which one is **not**?

- A) Opening savings account
- B) Buying a savings policy in an insurance company
- C) Online mobile payment
- D) Opening account in money markets

26. Which of the following factors may influence choice of a way of **saving**?

- A) The interest to be earned on the loans.
- B) General level of security in the country.
- C) The safety way of saving.
- D) The level of income of friends and relatives.



27. Which of the following is an **advantage** of saving money in group saving schemes?
- A) A fixed level of interest on savings is guaranteed.
  - B) Savings services are free of charges.
  - C) Savings are not safe.
  - D) The process of saving is not very convenient.
28. The statements below are not true about saving rules **except**?
- A) Allocate 20% of your income to spending.
  - B) Save after spending.
  - C) Avoid unnecessary debts.
  - D) Do not maintain an emergency fund.
29. Which of the following factors does **not** influence the savings culture?
- A) Health status of the individual.
  - B) Spending habits.
  - C) Interests payable on savings.
  - D) Variety of the sources of income.
30. Which of the following statements is **not** true about a savings plan?
- A) A savings plan facilitates achieving of financial goals.
  - B) A savings plan cannot be managed using technology.
  - C) A savings plan promotes better financial life.
  - D) A good savings plan contains short-term, medium-term and long-term goals.
31. Which one is **not** necessary when making a savings plan?
- A) SMART financial goals.
  - B) Duration within which the financial goals are to be achieved.
  - C) The amount of money to be borrowed.
  - D) Total amount of money required to achieve the financial goals.
32. Which statement shows **good** saving habits?
- A) Making false presentation of one's income.
  - B) Prioritizing wants over needs.

- C) Excessive risk taking.
  - D) None of the above.
33. Which statement does **not** show bad saving habit?
- A) Spending before saving.
  - B) Having few sources of income.
  - C) Reducing spending on luxuries.
  - D) Failure to maintain an emergency fund.
34. Which of the following investment types is characterized by direct **ownership** in a company?
- A) Mutual Funds
  - B) Corporate Bonds
  - C) Real Estate Investment Trusts
  - D) Common Stocks
35. An investor seeking to balance potential returns with a lower level of **risk** may be inclined to invest in
- A) Cryptocurrencies
  - B) High-yield bonds
  - C) Treasury Bonds
  - D) Stocks
36. When considering an investment, if someone mentions “**maturity date**” and “**coupon payments**,” which type of investment are they most likely referring to?
- A) Cryptocurrencies
  - B) Corporate Bonds
  - C) Real Estate Investment Trusts
  - D) Preferred Stocks
37. Investing is often considered a key strategy to create wealth. What important factor should investors be mindful of to mitigate **risks** and enhance long-term financial success?
- A) Diversification of investments
  - B) Focusing exclusively on high-risk, high-return assets

- C) Quick and frequent trading of stocks
  - D) Ignoring market trends and fluctuations
38. Investing serve as a money management plan that helps individuals realize their financial goals. What specific element is important for aligning investments with one's **objectives**?
- A) Investing without setting specific financial goals to maintain flexibility
  - B) Diversifying investments without considering personal financial goals
  - C) Aligning investments with risk tolerance and time horizon
  - D) Relying solely on short-term market predictions for investment decisions
39. When evaluating the net income available for investment, why is it important for individuals to strike a balance between saving for short-term investment needs and allocating funds for **long-term** investment goals?
- A) Prioritizing short-term gains over long-term financial stability
  - B) Allocating all net income to long-term investments for higher returns
  - C) Balancing liquidity needs with long-term investment objectives
  - D) Ignoring net income and relying solely on external funding for investments
40. Why is it important to integrate the creation of an **emergency** fund into your investment plan?
- A) An emergency fund is unnecessary when there are high-return investment opportunities available.
  - B) An emergency fund provides a cushion for unexpected expenses, reducing the need to liquidate long-term investments during financial hardships.
  - C) Emergency funds are exclusively for short-term financial goals and should not be part of the overall investment plan.
  - D) Long-term investments alone can serve as a sufficient emergency fund in times of financial need.

41. What is an important step in planning an investment to **maximize returns**?
- A) Selecting a monthly savings plan
  - B) Setting investment goals
  - C) Evaluating risk appetite
  - D) Regularly evaluating returns
42. In the context of investment planning, why is **regular evaluation** important?
- A) To increase risk appetite
  - B) To adjust monthly savings
  - C) To adapt to changing financial goals
  - D) To eliminate the need for risk assessment
43. What could be considered ethical **practice** in investment?
- A) Investing money from corruption
  - B) Allocating funds to projects for community development
  - C) Investing in industries with potential negative impacts
  - D) Investing proceeds from money laundering
44. In the context of responsible investing, which practice may seem **ethical** but contradicts ethical principles?
- A) Paying taxes from investment returns
  - B) Investing in companies with fair labor practices
  - C) Investing in industries with negative impacts on health and safety
  - D) Allocating money to projects for social well-being
45. To test your understanding of ethical investment, which action aligns with ethical **principles**?
- A) Investing in companies with unsafe working conditions
  - B) Allocating money to projects for community development
  - C) Not paying taxes from investment returns
  - D) Investing in industries with potential negative environmental impacts



46. What is **social** entrepreneurship?
- A) Using traditional business practices to maximize profits
  - B) Addressing social or environmental issues using entrepreneurial skills
  - C) Investing in socially responsible companies
  - D) Establishing businesses solely for personal gain
47. What is the advantage of using **personal** savings as a source of funding for entrepreneurial activities?
- A) It increases loan approval chances
  - B) It decreases commitment to the business
  - C) It limits personal financial security
  - D) It encourages debt accumulation
48. What is the primary purpose of **business incubators**?
- A) To discourage entrepreneurship
  - B) To provide free assistance, management support, and workspace for start-ups
  - C) To restrict access to resources
  - D) To promote large corporations
49. Which of the following is **not** a characteristic of an entrepreneur?
- A) Passion
  - B) Vision
  - C) Aversion to failure
  - D) Procrastination
50. What is the significance of entrepreneurship in **income generation**?
- A) It encourages job creation and economic growth
  - B) It limits innovation and competition
  - C) It promotes dependence on others
  - D) It discourages risk-taking

51. Which quality of an entrepreneur involves having a **clear picture** of long-term goals?
- A) Creativity
  - B) Vision
  - C) Passion
  - D) Resilience
52. How does a business **idea** differ from a business **opportunity**?
- A) A business idea is a fully developed concept, while a business opportunity is an abstract notion.
  - B) A business idea originates from observations, while a business opportunity arises from imagination.
  - C) A business idea focuses on current market needs, while a business opportunity considers future trends.
  - D) A business idea is a product or service concept, while a business opportunity is a situation or market gap with profit potential.
53. Explain the reasons why it is **not** advisable to consider only one source when coming up with a business idea.
- A) It limits creativity and innovation.
  - B) It may overlook diverse perspectives and opportunities.
  - C) It increases the risk of failure.
  - D) All of the above.
54. Which of the following best describes the process of turning a business idea into an entrepreneurial opportunity?
- A) Developing a detailed financial plan
  - B) Conducting market research to assess demand
  - C) Drafting a comprehensive business proposal
  - D) Securing funding from investors
55. Which entrepreneur type start business using the **learnt** or acquired skills?
- A) Social
  - B) Opportunistic
  - C) Craft
  - D) Innovative

56. What is the primary characteristic of an **innovative** entrepreneur?
- A) Addresses social issues with entrepreneurial skills
  - B) Constantly generates groundbreaking ideas
  - C) Excels in networking and negotiation
  - D) Focuses on acquiring undervalued assets
57. Which entrepreneur type adopts existing business models with **efficiency** to capture market share?
- A) Social
  - B) Innovative
  - C) Imitator
  - D) Opportunistic
58. What is the distinguishing characteristic of an **imitator** entrepreneur?
- A) Constantly generates groundbreaking ideas
  - B) Excels in networking and negotiation
  - C) Adopts existing business models with a unique twist
  - D) Addresses social issues with entrepreneurial skills
59. What distinguishes an **innovative** entrepreneur from other types?
- A) Their focus on addressing social issues
  - B) Their tendency to adopt existing business models
  - C) Their constant generation of groundbreaking ideas
  - D) Their skill in networking and negotiation
60. What does a **copyright** provide protection for?
- A) Inventions
  - B) Artistic and literary works
  - C) Business operations
  - D) Trade secrets

61. Which of the following is **not** a service typically offered by business incubators?
- A) Management training
  - B) Access to capital sources
  - C) Sole focus on office space
  - D) Advisory services
62. What is the primary goal of **marketing** goods and services?
- A) To reduce prices
  - B) To decrease customer base
  - C) To increase brand recognition and sales
  - D) To limit innovation
63. What type of intellectual property right is granted to an **invention**?
- A) Copyright
  - B) Patent
  - C) Trademark
  - D) Trade secret
64. What is the primary purpose of **trademarks**?
- A) To protect inventions
  - B) To safeguard trade secrets
  - C) To individualize goods or services and distinguish them from others
  - D) To limit access to resources
65. What is the primary characteristic of an **craft** entrepreneur?
- A) Prioritizes thorough research and development
  - B) Start business using learnt or acquired skills
  - C) Addresses social issues with entrepreneurial principles
  - D) Excels in networking and negotiation
66. Which of the following is **not** a component of succession planning?
- A) Identifying and developing key individuals
  - B) Addressing legal issues

- C) Reducing hiring costs
- D) Ensuring a smooth transition of leadership

67. What are the **steps** in the succession planning of a business?

- A) Identify needs, develop job profiles, assess talents, start recruiting, document transition, monitor and evaluate
- B) Conduct interviews, hire new employees, assign tasks, provide training, evaluate performance
- C) Determine budget, allocate resources, set targets, monitor progress, analyze results
- D) None of the above

68. Which aspect of business planning involves identifying and assessing **potential threats**?

- A) Market analysis
- B) Management plan
- C) Risk mitigation
- D) Financial plan

69. Which component of a business plan involves outlining **strategies** for product promotion?

- A) Market analysis
- B) Management plan
- C) Marketing plan
- D) Financial plan

70. How does a comprehensive **succession** plan contribute to business sustainability?

- A) By increasing uncertainties
- B) By limiting organizational stability
- C) By ensuring a smooth transition of leadership
- D) By discouraging competition

71. Which of the following is **not** a step in succession planning?

- A) Identifying needs
- B) Providing equal access to development opportunities



- C) Documenting transition
- D) Monitoring and evaluating

72. Which one of the following is not an online financial **traction** tool?

- A) Mobile phone
- B) Calculator
- C) ATM
- D) laptop

73. One of the statements is **not** true about ethical e-commerce, which one;

- A) Securing customer data
- B) Treating customers based on their race, ethnicity, gender
- C) Creating ethical web content
- D) Gaining consumer trust

74. Digital Service Tax (DST) is payable on income derived from the following services **except** one

- A) Online trade,
- B) Electronic advertising,
- C) Cloud computing
- D) Emailing

75. ICT in financial management can be used ethically for the following purpose **except** one.

- A) Personal Security
- B) Communication
- C) Financial Security
- D) Data manipulation

76. Which one of the following measures **cannot** ensure cybersecurity

- A) Firewalls
- B) 2 factor authentication
- C) Remote sensing
- D) encryption



77. Which of the following is an **ethical** activity.

- A) Data backup
- B) Scamming
- C) IP tunnelling
- D) Imitation

78. Cybersecurity is the **practice** of

- A) protecting digital resources from online attacks
- B) Online Business merger
- C) Online banking
- D) Cloud computing

79. ICT can be used for **faceless** banking

- A) True
- B) Not true
- C) Impossible
- D) In future

80. Which of the following activities **does not** attract digital taxation

- A) Online trading
- B) Cloud computing
- C) Video conferencing
- D) Electronic advertising

## Answers to Learners Challenge

- |       |       |       |       |       |       |       |       |
|-------|-------|-------|-------|-------|-------|-------|-------|
| 1) C  | 2) C  | 3) B  | 4) C  | 5) B  | 6) C  | 7) B  | 8) C  |
| 9) B  | 10) B | 11) C | 12) C | 13) A | 14) B | 15) D | 16) D |
| 17) D | 18) B | 19) D | 20) D | 21) A | 22) C | 23) D | 24) C |
| 25) C | 26) C | 27) B | 28) C | 29) A | 30) B | 31) C | 32) D |
| 33) C | 34) D | 35) D | 36) C | 37) A | 38) C | 39) C | 40) B |
| 41) B | 42) C | 43) D | 44) C | 45) B | 46) B | 47) A | 48) B |
| 49) D | 50) A | 51) B | 52) D | 53) D | 54) B | 55) C | 56) D |
| 57) C | 58) C | 59) C | 60) B | 61) C | 62) C | 63) B | 64) C |
| 65) B | 66) C | 67) A | 68) C | 69) C | 70) C | 71) B | 72) B |
| 73) B | 74) D | 75) D | 76) C | 77) A | 78) A | 79) A | 80) C |



## Glossary

**Annuity:** Financial products that offer a guaranteed income stream, usually for retirees.

**Application:** A kind of computer program that performs a specific personal, educational, and business function.

**Assets:** Things with monetary value owned by a person or business such as a land, vehicle, cash among others.

**ATM:** Stands for Automated Teller Machine which is an electronic banking outlet that allows customers to complete financial transactions.

**Automated:** Working by itself with little or no human attention.

**Bonds:** Debt securities where investors lend money to entities in return for periodic interest payments.

**Bookkeeping:** The art of recording transactions.

**Capital:** Owner's contribution or claim in a business or investment.

**Cashbook:** A book of account where cash in and cash out of a business is entered.

**Circuit:** A path for transmitting electric current.

**Competitive advantage:** Something special that makes a business stand out from its competitors.

**Consolidating:** Refers to stage of life when an investor starts engaging in moderately risky investments

**Credit sales:** Sales in which payment will be made at a later date.

**Creditors:** People or entities to whom a business owes money.

**Cyber:** Related to electronic communication networks, especially the internet.

**Cyberattack:** A malicious attempt to gain unauthorized access to a computer, computing system or network with the intent to cause damage.

**Cybersecurity:** The practice of applying technology to protect digital resources such as networks, programs, devices, and data from unauthorized access.

**Data backup:** Creating a copy of the data on your system that you may use for recovery in case your original data is lost or corrupted.

**Debtors:** People who owe money to a business.

**Debts:** Money that is owed to others or outsiders

**Deposits:** Money kept in a bank account for safekeeping or to earn interest.

**Digital:** This describes electronic technology that generates, stores and processes data in terms of the positive and non positive states ie digits 1 and 0.

**Diversification:** Spreading investments across different assets or port folios to reduce risk.

**Dividends:** Payments made to shareholders from a company's profits.

**Earnings:** Financial gains resulting from various sources, such as formal employment or self employment.

**E-commerce:** Short form for electronic commerce. It is the buying and selling of goods and services over the internet.

**Electronic device:** A piece of hardware which controls the flow of electrical energy for the purpose of processing information.

**Emergency fund:** money set aside for financial emergencies.

**Enterprise:** A business unit for producing goods or services with the aim of making profit.

**Expenditure:** This is the act of spending money on goods and services.

**Fairs and exhibitions:** Events where businesses showcase goods or services for marketing and networking purposes.

**Financial freedom:** Means having adequate savings, investments and cash in hand to afford the lifestyle you want for yourself and your family.

**Financial goals:** Targets you set to achieve based on your sources of income.

**Firewall:** A network security device (or barrier) that sits between a private network and the internet to monitor and filter incoming and outgoing network traffic based on an organization's established security policies.

**Goods:** physical commodities or items that can be seen or touched.

**Hacking:** The act of gaining unauthorized access to digital resources by compromising the security of computer systems and networks.

**Impulse buying:** Buying goods which are not budgeted or planned for.

**Income:** Money received, usually on a regular basis from employment, business or investments.

**Inflation:** A continuous rise in the general price levels without a corresponding increase in goods and services.

**Insurance savings policy:** A life insurance plan that allows one save or invest his money for financial wellbeing.

**Intellectual property:** Legal rights protecting creations of the mind, crucial for safeguarding innovation in entrepreneurship.

**Internet:** Interconnection of networks comprising computers, servers and other electronic devices that engage together to complete a successful data transmission process.

**Investment capital:** Is the acquisition of physical resources by a company for use in furthering its long-term business goals and objectives.

**Levy:** This is a charge, such as a tax, fine, or other fee, that is imposed on something.

**Liquidity:** Refers to the ease with which an asset can be converted into money.

**Loans:** Borrowed money that must be repaid, usually with interest.

**Loss:** The amount of money lost by a business or organization during conduct of business.

**Luxuries:** Things that are pleasant to have but are not necessary.

**Measurable:** Use of quantifiable measure to track progress.

**Micro-banks:** Financial institutions which provide banking services to low-income individuals and groups who may not be able to get financial services from commercial banks.

**Mind mapping:** Visual technique organizing ideas around a central theme to enhance creative thinking in entrepreneurship.

**Money markets:** A market where very short-term debt investments are traded by government, banks and individuals.

**Needs:** The essential things that are necessary for survival. Examples: Food, clothing and shelter.

**Network:** In ICT, network is an interconnection of computing devices that can exchange data and share resources over a physical or wireless platform using a system of rules.

**Platform:** In ICT, platform refers to an online digital service that enables users to connect with one another and to create, share, and interact with content.

**Profit:** The difference between the selling price and the buying price.

**Returns:** Refer to the gain from an investment.

**Risk appetite:** Readiness of an investor to take on some financial risk in the hope of making money.

**Risk:** The chance of loss or failure in business.

**Salaries:** Fixed regular payments for work, often on a monthly basis.

**Saving culture:** The habit of setting money aside for future use.

**Services:** Are intangible actions or tasks performed by one party (the service provider) for another.

**Start-ups:** New businesses ventures.

**Stock:** Goods obtained for resale or manufactured for sale.

**Stock:** A type of security that represents ownership in a company. Also called share or equity.

**Table banking:** A group-based funding system where members meet and save weekly to form a kitty from which members can borrow at an interest

**Talent:** Natural aptitude or skill which may be utilized for income generation.

**Transaction:** A deal between a buyer and a seller to exchange goods or services in return for money.

**Treasury Bills:** Short-term government debt securities with a fixed interest rate rate.

**Treasury Bonds:** Long-term government debt securities with fixed interest payments.

**Venture:** A business enterprise with some risk involved.

**Viability:** This is feasibility and potential success of a business idea or opportunity.

**Wages:** Payment for labour or services, typically on an hourly or daily basis.

**Wants:** Things one can do without for examples: Car, entertainment, radios, TVs, holidays, motorcycles, phones, among others.

**Wealth:** Monetary value of all assets owned by a person.





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