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Training Manual on Business Management, Accounting Bookkeeping and Entrepreneurship

UNIDO Project on Enhanced Local Value Addition and Strengthening Value Chain, South Sudan

Funded by: The European Union

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Disclaimer:

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Preface

The United Nations Industrial Development Organization (UNIDO) is implementing the European Union (EU) funded project on “Enhanced local value addition and strengthening value chains” in the Greater Bahr El Ghazal (GBEG) region of South Sudan. This project is part of the Zonal Effort for Agricultural Transformation–Bahr El Ghazal Agricultural Development (ZEAT-BEAD) programme funded by the EU and jointly implemented by FAO, UNOPS, GIZ and UNIDO. The overall objective of the UNIDO component is to contribute to the improvement of food security and income of the target beneficiaries in the GBEG region by enhancing value addition and strengthening value chains. Main emphasis is on developing and implementation of value chain upgrading strategies and capacity building of actors operating in the identified value chains in the GBEG region of South Sudan. UNIDO is focusing specifically on small scale producers and private business owners to create a sustainable and simple marketing network by developing and implementing upgrading value chain strategies.

In addition, project is focusing on building technical and management capacity of different actors involved in the identified value chains. The commodities identified by UNIDO for upgrading value chains include sorghum, groundnut, rice, fish and leather (hide and skin). UNIDO has established four agro processing and training centers (APC) in the GBEG region with basic facility for sorghum and groundnut processing and built capacity of farmers and other stakeholders on post harvest management, storage and marketing of agricultural produce. Basic equipment for rice mechanization like power reaper, paddy thresher is being introduced at the Aweil Rice Scheme and a small capacity rice mill has been installed in Aweil Town. In addition, two fish processing centers are being established in the Lake State and fisher folks have been trained on improved fish handling and preservation techniques. UNIDO together with GIZ is planning to support four slaughter houses in the GBEG region with improved facility for slaughtering, waste disposal as well as production and marketing of quality hides and skins. The APCs, rice mill and slaughter houses are being established under public-private-partnership (PPP) mode in which the local government will be owner of the facility but it will be operated and managed by private operators identified for the purpose. At present, majority of the project stakeholders in the project target areas have very limited knowledge on business and financial management skills. Therefore, UNIDO planned to train at least 120 stakeholders in the target areas on basic entrepreneurship and business management skills. The main objective of the training programme is to equip participants with fundamental knowledge on different aspects of business management, accounting, book keeping and basic entrepreneurship skills.

This handbook is a technical documentation prepared by the United Nations Industrial Development Organization under Zonal Effort for Agriculture Transformation - Bahr El Ghazal Effort for Agriculture Development (ZEAT-BEAD) Project with funding from the European Union. This manual aims to develop and improve business management and entrepreneurship skills of the target groups in the region. The manual covers six modules covering different aspects of basic concepts of entrepreneurship, book keeping and financial management as below:

Module 1: Basic entrepreneurship
(What is business? Who is an entrepreneur? Managing own business; Making best use of time; Practicing business ethics; Forms of business; Problems encountered by business owners)

Module II: Importance of book keeping
(Understanding importance of book keeping; Basic book keeping; concepts and best practice in book keeping; Understanding income and expenses; What is income and expenditure; Basic calculation and use of symbol and drawings)

Module III: How to prepare and maintain accounting records
(What is cash book and how to write cash book; Various books to be kept for proper record keeping of any business activities; Entry system in bookkeeping; Importance of daily balancing of cash book and how to do it; Basic understanding of assets and liabilities)

Module IV: How to calculate profit and loss
(Understanding difference between income and profit; Understanding difference between expenditure and loss; Calculating income and expenses and profit and loss)

Module V: Managing business cash and accounts
(Advantage and disadvantage of keeping savings in home, bank and saving groups; Understanding credit management; Problems in buying and selling on credit; Importance of keeping records of purchase and sale on credit; Managing accounts, managing cash and credit/loan)

Module VI: Financial and marketing management
(Financial controls and system; Credit institutions and sources of finance; Marketing concepts; marketing strategy; doing simple market research; competitors analysis; marketing plan; promotion and advertising)

We sincerely hope that the handbook will be useful to the project stakeholders and it will help improving financial and business management skills of the project beneficiaries and other stakeholders.

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Acknowledgement

This manual has been developed by the Global Agriculture Innovation and Solutions (GAIS) as part of the activities related to training on basic entrepreneurship and business management skills, fundamental accounting and book keeping for the stakeholders of the EU Project on Enhanced Value Addition and Strengthening Value Chains in the Greater Bahr El Ghazal region, South Sudan. During development of this handbook various documents produced by different agencies like Care, FAO and UNIDO were referred to and adopted in the context of South Sudan.
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Special recognition and sincere thanks are dues to the European Union and the United Nations Industrial Development Organization (UNIDO) for financial support and involving GAIS to implement training of project stakeholders on basic entrepreneurship, business management skills, fundamental accounting and book keeping in the Greater Bahr El Ghazal Region of South Sudan.

Module

1

Basic Entrepreneurship

1.1. Introduction to Entrepreneurship

The word "Entrepreneurship" is derived from the French verb entreprendre, which means, "to undertake." The term entrepreneurship thus refers to the following:

• The process of identifying opportunities in the marketplace, arranging the resources required to pursue these opportunities and investing the resources to exploit the opportunities for long-term gains. It involves creating wealth by bringing together resources in new ways to start and operate an enterprise.

• The processes through which individuals become aware of business ownership then develop ideas for and initiate a business.

• "The art of identifying viable business opportunities and mobilizing resources to convert those opportunities into a successful enterprise through creativity, innovation, risk-taking and progressive imagination" ...ILO Youth Entrepreneurship Manual, 2009.

Entrepreneurship is a practice and a process that results in creativity, innovation and enterprise development and growth. It refers to an individual's ability to turn ideas into action involving and engaging in socially-useful wealth creation through the application of innovative thinking and execution to meet consumer needs, using one's own labor, time and ideas. Engaging in entrepreneurship shifts people from being "job seekers" to "job creators," which is critical in countries that have high levels of unemployment. It requires a lot of creativity, which is the driving force behind innovation.

Think of a person who sits by the roadside leading to your home and who has been selling the same type of food, from the same size of saucepan or pot, from the same table top, and may not have been able to change their standard of living to any appreciable extent. Such a person may be a businessperson but not an entrepreneur. An entrepreneur is, therefore, a business-minded person who always finds ways to improve and grow in business. An entrepreneur can also be defined as a professional who discovers a business opportunity to produce improved or new goods and services and identifies a way in which resources required can be mobilized.

Finally, an entrepreneur is someone who constantly scans the environment looking for changes that can provide opportunities for creating new growth-oriented businesses.

Entrepreneurs assume meaningful accountability for the risk and the outcomes of new enterprises, ventures or business ideas. An effective and successful entrepreneur shows creativity and innovation in business and is an example for other people.

An entrepreneur is an individual who:

- Has the ability to identify and pursue a business opportunity;
- Undertakes a business venture;
- Raises the capital to finance it;
- Gathers the necessary physical, financial and human resources needed to operate the business venture;
- Sets goals for him/herself and others;
- Initiates appropriate action to ensure success; and
- Assumes all or major portion of the risk!

An entrepreneur is a job-creator, not a job seeker.
An entrepreneur is a person who:

- Has a dream.
- Has a vision.
- Is willing to take the risk
- Makes something out of nothing

1.2. Benefits/importance of entrepreneurship

• Entrepreneurship allows one to undertake different forms of self-employment.
• Entrepreneurs are their own bosses giving them an opportunity to get more job satisfaction and flexibility of the workforce.
• Encouragement of the processing of local materials into finished goods for domestic consumption as well as for export.
• Healthy competition encourages higher quality products in the market thereby making more goods and services available to consumers.
• Development of new markets.
• Promotion of the use of modern technology in small-scale manufacturing to enhance higher productivity.
• Freedom from dependency on the jobs offered by others.
• Possibility of achieving great accomplishments.
• There may be tax advantages.

1.3. Business

Business is a set of regular activities conducted by an individual or a group of individuals to generate profit by fulfilling the needs of other people. To generate profit three primary activities are carried out by businesses:

- Buying (equipment and materials)
- Producing (goods or services)
- Selling (goods or services)

Business (also known as enterprise or firm) is an organization, which is engaged in the trade of goods, services, or both to satisfy the consumers in order to make a profit. Businesses are predominant in capitalist economies, where most of them are privately owned and administered to earn profit to increase the wealth of their owners. Businesses may also be not-for-profit or state-owned.

1.4. Business Ownership

Ownership forms related to micro, small and medium enterprises are:
• Sole proprietorship (owned by one person)
• Partnership (owned by a few individuals, could be 2 to 20)
• Co-operative (owned by a large group)

1.4.1. Sole Proprietorship/ Sole Trader:

In this form of ownership, the whole business belongs to a single person.

• The owner enjoys all the profits of the business but also accepts all losses. This single owner has complete freedom to manage the affairs of the business, as he desires; he is answerable to nobody.

• The owner's liability is unlimited. That is in settling the debts of the business if the business assets are insufficient, the personal assets will also be taken.

• Being owned by a single person, the resources of the business are limited.

1.4.2. Partnership

Here, two or more persons join to start a business.

• The owners collectively are called the company, and individually, partners.

• The profits and losses are shared by the partners in agreed proportions. Their liability towards the firm's debts is unlimited.

• Freedom of conducting the affairs of the business is restricted as the partner is liable to the other partners.

• Since more than one person is involved, the resources of the firm are usually more.

• A partnership could also be formed to combine the resources required for the enterprise. Resources could include elements, such as skills, money, land and raw material.

1.4.3. Cooperative and Group Ownership

A cooperative is when people come together to do business with a common purpose and intent.

• In a cooperative form of ownership, a large number of individuals collectively own the enterprise and are involved in its activities. The part owners are called members

• All the members contribute an equal amount towards the capital, share the profits equally and have equal rights.

• Since a significant number of owners are involved, the management of the co-operative is entrusted to a small group of members who are elected by the many.

• The financial asset is crucial. The liability of the members is limited.

• That is even if the assets of the co-operative are insufficient to satisfy the debts, the members' personal assets cannot be touched.

• A cooperative is also much stronger than individuals or partnerships.

• A cooperative represents a large group of people and, quite often, this gives its access to Government programs and developmental agencies, which offer financial assistance in the form of grants or interest-free loans.

A business owned by multiple individuals may be referred to as a company, although that term also has a more precise definition.

1.5. The Importance of Practicing Business Ethics

Business ethics are not just designed for huge corporations and organizations. Whether a business employs thousands of workers or 10, business ethics are an important aspect of any work environment.

A common ethical problem may have a significant impact on small business, as well as large corporations. Discrimination, prejudice, or disputes between employers and employees all have an impact on how well a business is likely to run. Developing a good, strong relationship between workers and employers is essential in order to meet expectations, and to promote consideration and the rights of all parties involved.

An employer pays a salary and benefits to an employee who is expected to perform a particular job or task. At the other end of the spectrum, an organization or business manager expects their employees to behave in a certain manner. Concepts such as virtue, honesty and loyalty are rewarded, while dishonesty and deceit offer a fast track to unemployment.

Both employers and employees expect to be treated fairly. Various issues involving ethics crop up in small businesses as well as large corporations. Such issues may include but are not limited to:

- Human resource issues
- Discrimination
- Harassment
- Conflicts of interest

Some examples of human resource issues are those that occur where people work together in a small environment. It can include and impact such topics as privacy, performance evaluation, the hiring and firing process, discrimination and various types of harassment.

However, when it comes to such issues, everyone expects to be treated fairly which means being treated as an equal, and with impartiality. For example, many people might feel that responsibilities or work is unbalanced if two people perform the same task and only one is rewarded. Discrimination is not just about race. It is about religion, sex, age, and culture.

Age discrimination is one of the most talked-about issues in the workplace in the 21st century. Forced retirement, layoffs, and termination with or without severance pay affects older workers more than any generation before. Because the baby boomer generation is one of the largest in history, this disparity is going to play a major role over the next decade.

It is important for business managers, no matter how big or small business, to be able to manage different types of people - this includes those of various age groups, religious, demographic, and cultural backgrounds.

Sexual harassment is an undesirable behavior that makes someone feel uncomfortable at his or her place of work. It can be subtle or obvious. In most cases, sexual harassment typically involves the inappropriate behavior of a supervisor over a lower ranking employee.

A hostile work environment is defined as a worker or employee who is uncomfortable due to actions or comments relating to sex or sexuality by another person in their place of work. However, does this mean that a male boss who puts his arms around a female worker is harassing her? Not necessarily. Sexual harassment in the workplace does not involve merely physical gestures, but verbal remarks of a sexual nature.

Conflicts of interest occur at any point in time when a person’s objectivity or judgment may be compromised. The mere appearance of a conflict of interest may prove devastating to a company’s reputation even though nothing happened.

1.6. Problems Faced by Business Owners

1.6.1. Time Management:

Time management can become problematic for the owner of a small business. Small businesses often operate on an extremely tight budget, precluding the hiring of many employees. The owner is often faced with trying to manage and grow the business while at the same time having to do the daily operation. Small business owners can also find themselves so tied up in running the business that they do not take the time to enjoy families, hobbies or other activities.

1.6.2. Cost:

A study conducted by the National Federation of Independent Business reported in 2008 that the primary problem that business owners face is the cost of running the business. The inability to control some costs, including health insurance, energy bills and inflation, add stress to the business owner's bottom line. Besides, the cost of paying employees, stocking inventory and basic overhead can make cash flow issues for the small business owner.

1.6.3. Inflexibility:

Refusing to let go of an idea and move on to something else is a common problem for small business owners. For small business owners to succeed, it is necessary for them to be willing to think like an entrepreneur and explore many different ideas. Whether it is the need to replace inventory, provide additional services or go to a new location, a small business owner must remain flexible if he wants his small business to succeed.

1.6.4. Employees Issues:

Small business owners often face a dilemma when it comes to hiring the workforce. Staffing enough workers to cover enough the business needs without destroying the business's profit margin can be a tricky process. Things are never easy for a small-business owner. No matter how hard you try, there are always problems to solve and fires to put out. At least you can take comfort in knowing you are not alone. Every small-business owner goes through the same thing.

1.6.5. Obtaining Credit:

Access to credit can be an issue for the small business owner, according to the Washington Post. A business line of credit can provide necessary cash flow during the start-up months. It can also ensure that the owner has the ability to expand the business with inventory and meet her payroll. A small business, however, will not always qualify for a large credit line, which can hinder the owner's ability to succeed.

Module

2

Importance of Bookkeeping

2.1. Book keeping

Many people do not write down how much money comes in and how much money goes out of their business. This is because they do not know how to do it, and they do not know that it can help their business. Therefore, people do not know how much money they are earning, which customers have bought on credit and how much stock they have bought on credit.

Where groups of people work together, lack of a proper bookkeeping system often leads to mistrust and accusations between group members.

Bookkeeping means that you write down all the money that comes into your business and all the money that goes out of your business.

Bookkeeping is essential because you cannot keep everything in your head. People are forgetful by nature.

2.2. Advantages of regular record-keeping

• You will know how much money you have received, how much you have spent and how you spend it.

• You will know how much money you have received, how much you have spent and how you spend it.
• You can calculate whether you are making a profit or a loss and also know your break-even point.
• You can keep records of buying and selling on credit. That is, you will know who your debtors are and how much they owe you, and who your creditors are and how much you owe them.

• You can keep records of money coming in and going out of group businesses or projects. This will prevent misuse of money and avoid mistrust among group members.

• It can help you in the monitoring and control of your stock levels, knowing when to make a new order and how much to order.

• By comparing your actual record with your planned budget, you can determine if you are on the right track during your business year.• You can keep records of moneycoming in and going out of group businesses or projects. This will prevent misuse of money and avoid mistrust among group members.

2.3. Disadvantages of not keeping records or keeping poor records

• You will not know how much money you are earning, whether your business is making a profit or losing money.

• You will not know why you are making a profit or losing money.

• You will not be able to make good decisions that will allow you to make more money and save your business from losing money.

• You will not know which customers owe you money, how much they owe you or how much you owe someone else.

• Where groups of people work together, lack of a proper record-keeping system often leads to mistrust and accusations between groups and members.

2.4. Importance of Bookkeeping

The imperative of business records cannot be overemphasized. Every serious entrepreneur must, as a matter of fact, be able to maintain proper records of his or her business transactions. Proper bookkeeping is critical to sustaining and expanding a business. Without it, the entrepreneur runs the risk of hitting cash flow crunches, wasting money, and missing out on opportunities to expand his business. When you maintain proper records of your business transactions, you will be properly positioned to carry out formal business analysis and see how your business is fairing.

The purpose of bookkeeping is to help you manage your business and also to allow tax agencies to evaluate your business venture. As long as your bookkeeping achieves both of these objectives, you are in the right direction. Any financial institution that wants to do business with you must request your business records. Your ability to make it means you are serious about your business.

2.5. Income and Expanses

2.5.1. Income

Income is the consumption and savings opportunity gained by an entity within a specified time frame, which is typically expressed in monetary terms. However, for households and individuals, "income is the sum of all the wages, salaries, profits, interest payments, rents and other forms of earnings received in a given period." For firms, income refers to net-profit: what remains of revenue after expenses have been subtracted. In the field of public economics, it may refer to the accumulation of both monetary and non-monetary consumption ability, the former being used as a proxy for total income.
Income is money that comes into your business.

Explanation

Money into your Business = Income

How does Money come into your Business?

- By producing and selling goods
- By purchase and sale of goods
- By giving a service (like a taxi driver who provides transportation)
- By receiving gifts from friends or family members
- By getting a loan
- By inheritance

Other Income Activities

- Producing and selling palm oil
- Drying and selling fish
- Producing and selling bread
- Thatch mats
- Producing and selling cassava
- Producing and selling rice
- Receiving donations.

2.5.2. Expense:

An expense is money spent or cost incurred in an organization's efforts to generate revenue, representing the cost of doing business. Expenses may be in the form of actual cash payments (such as wages and salaries), a computed expired portion (depreciation) of an asset, or an amount taken out of earnings (such as bad debts). Expenses are summarized and charged in the income statement as deductions from the income before assessing the income tax. Whereas all expenses are costs, not all costs (such as those incurred in the acquisition of revenue generating assets) are expenses.

How does Money go out of your Business?

• Materials or ingredients (like fish and firewood for fish smoking, fabric for

Dressmaking, flour for bread baking);

Services like:

- Transport (taxi, bus)
- Market toll
    - Electricity bills and rent payment
    - Wages and salary payments

Other Expense Activities

- Purchase of materials
- Office supplies
- Payment for goods

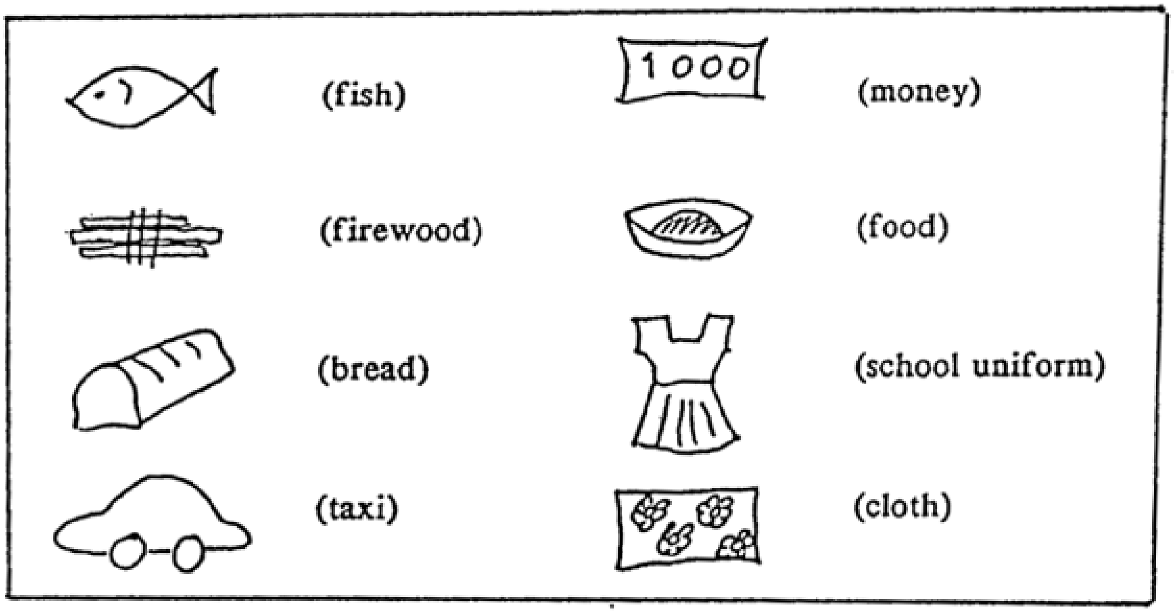
2.5.3. Unnecessary Expenses

Unnecessary expenses are expenses that people make out of temptation, but they are not necessary for sustaining their business. People often forget about these expenses when they calculate their business expenses, and therefore their income is less than they expected.

2.6. Basic calculations and use of symbol and drawings

2.6.1. Drawing of symbols:

Symbols are basically used when some of the participants are illiterate or unable to read and write. Each symbol represents the cost head. So, every symbol should be clearly different from each other. Any symbol that participants find easy to draw can be used as long as they will remember it for calculation. It should be a very simple drawing, so that it is easy for them to 'write' it in the exercise books. They should keep the same symbol for the same thing throughout for better understanding. Some examples are as follows:



2.6.2. Symbols for 'money in' and 'money out:

Bookkeeping means that you write down all the money that comes in and the money that goes out. The following symbols will be used:

- Money in: Money becomes more, so we use the addition sign ⊕
- Money out: Money becomes less,so we use the subtraction sign ⊖

2.7. Basic calculation of the cash book through Symbols

The book in which we write all the money that comes in and goes out is called a 'cash book.' You can also use an ordinary arithmetic exercise book as a 'cash book.'

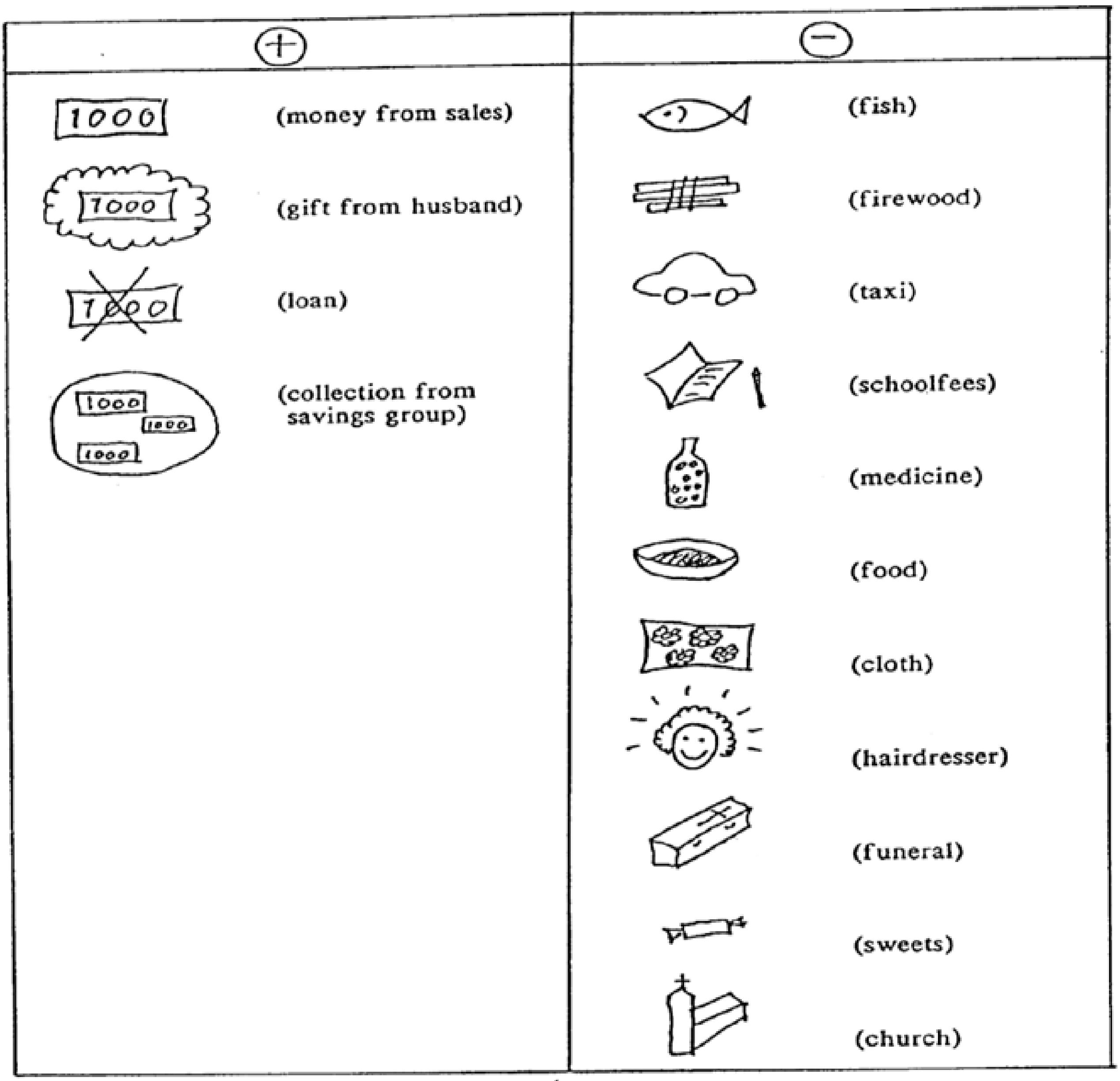
- All money that comes in is written on the left page
- All money that goes out is written on the right page

Some sources of receiving money (Money that comes in):

- Income from sales
- Gifts from husband, relatives or friends
- Loans from banks, money lenders or others
- Collections from savings group

Some sources of spending (Money that goes out)

- Buying of materials (fish, rice, seed)
- Firewood
- Transport (taxi, bus)
- School fees, school uniforms
- Medicines, hospital bills
- Food
- Cloth
- Beauty-products (nail polish, pomade)
- Hairdresser
- Ceremonies (funerals, weddings)
- Sweets, snacks, ice cream
- Church, fetish



Module

3

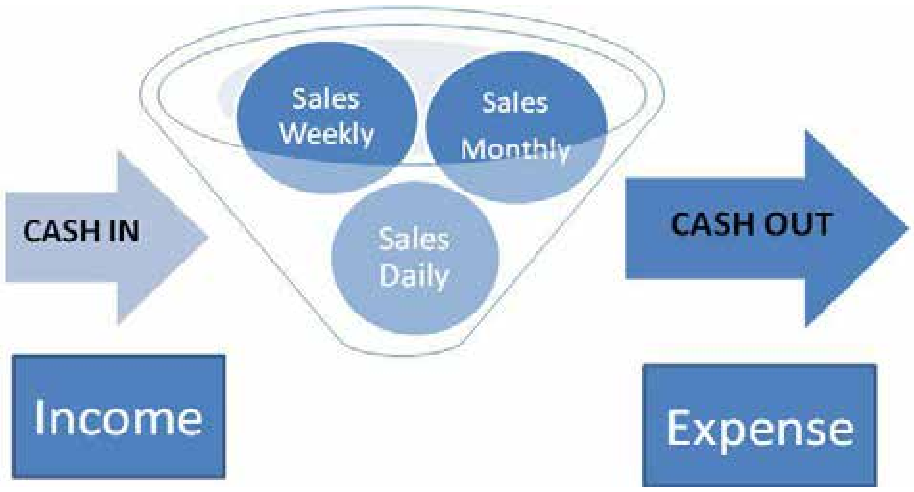
Maintaining Accounting Records

3.1. Cash Book

A cash book is a financial journal that contains all cash receipts and payments, including bank deposits and withdrawals. Entries in the cash book are then posted into the general ledger.

3.2. Simple Cash Book Entry

Financial record keeping means that you write down all the money that comes in and the money that goes out.



The following symbols are used:

• Money in = Money becomes more, so we use the addition sign (+). All money that comes in is written on the left page (LEFT)

• Money out = Money becomes less, so we use the subtraction sign (-). All the money that goes out is written on the right page (RIGT)

The book in which we write all the money that comes in and goes out is called a ‘Cash Book.’ You can use a standard arithmetic exercise book as a ‘cash book.’

CASH BOOK		
Left Side = Money In (or income)		**Right Side = Money out (or expenditure)**
1st Column = Date: the day that you received the money 2nd Column = Source of Income 3rd Column = How much money		1st Column = Date: the day that you pay the money 2nd Column = What the money was spent on 3rd Column = How much money

Table: Example of a Blank Cash book

Date	Description (Money In)	Amount		Date	Description (Money Out)	Amount
	Total				Total	

Table: Example of a Filled in Cash Book

Date	Description	Amount (SSP)		Date	Description	Amount (SSP)
Money In				Money Out		
10 Jan 17	Grinded 1000 Kg of Sorghum	7500		1 Jan 17	Purchase Fuel	10000
15 Jan 17	Grinded 2000 Kg of Sorghum	15000		5 Jan 17	Salary	5000
20 Jan 17	Grinded 1500 Kg of Sorghum	11250		15 Jan 17	Transportation	4000
	Total	**33750**			**Total**	**19000**

3.3. Inventory record

An Inventory Record: keeps record of physical items that your business has at any point in time. It includes what you had at the beginning of the year, what has been added to those items through purchases and production and how much has left your business through sales, consumption, planned use or losses.

Example of inventory record

No.	Description	Qty	Beginning	Purchases	Sales	Loss
1.	Computers	5	5	2	1	1
2.	Printers	10	10	4	2	2

3.4. Credit Book

A Credit Book: Keeps the record of all the money the customers have to repay for goods and services purchased on credit.

Example of inventory record Transactions for credit book

1. March 2, 2017, credited 50 kg of Sorghum grinded costing SSP 900 to Mike Gaga Abe to be paid in 15 days.

2. March 15, 2017, credited 20 kg of Sorghum grinded costing SSP 360 to Gatanga.

3. March 20, 2017, credited 40 kg of Sorghum grinded costing SSP 720 to Simon.

Example of Credit Book
CUSTOMER CREDIT BOOK

NAME: ______________________________

ADDRESS: ___________________________

Date	Description	Credit	Payment	Balance	Signature
March 2, 2017	50 kg of Sorghum grinded for Mike	SSP 900	0	SSP 900	
March 15, 2017	50 kg of Sorghum grinded for Gatanga	SSP 360	0	SSP 360	
March 20, 2017	50 kg of Sorghum grinded for Simon	SSP 720	0	SSP 720	
	Total	**SSP 1,980**	**0**	**SSP 1,980**	

3.5. Debtor Book

A Debtor Book: Keep a record of all whom the business owes (those who have supplied goods and services to the business on credit).

Transactions

1. March 2, 2017, debited 50 Ltr of fuel costing SSP 1100 from Mike to be paid in 15 days.
2. March 15, 2017, debited servicing costing SSP 800 from Simon.
3. March 20, 2017, debited 20 Ltr of fuel costing SSP 440.

Example of Debtor Book

Date	Description	Debt	Payment	Balance
March 2, 2017	50 Ltr fuel from Mike	SSP 1100	0	SSP 1100
March15, 2017	Servicing from Simon	SSP 800	0	SSP 800
March 20, 2017	20 Ltr fuel from Samuel	SSP 440	0	SSP 440
	Total	**SSP 2,340**	**0**	**SSP 2,340**

3.6. Labor Book

A Labor Book: keeps a record of who had worked for you, how much they had been employed (number of hours, days or quantity of work done), how much they were paid and when they were paid.

Transactions for labor book

On March 2, 2017, Mike transported 100 Kg groundnuts for Simon amounting to SSP 300 per trip.

March 12, 2017, Gatanga thrashed Sorghum for Simon amounting to SSP 500 for 2 days.

March 23, 2017, Navura shelled groundnuts for Martin amounting to SSP 600 for 3 days

Date	Description	Day's work	Amount
March 2, 2017	Mike for transportation	1 Day @ SSP 300 per Trip	SSP 300
March 12, 2017	Gatanga for Sorghum threshing	2 Days @ 500 SSP per Day	SSP 1000
March 23, 2017	Navura for shelling groundnuts	3 Day @ SSP 600 per Day	SSP 1800
	Total		SSP 2100

3.7. Entry Systems in Bookkeeping

3.7.1. Single-Entry System (Journal)

The primary bookkeeping record in single-entry bookkeeping is the cashbook, which is similar to a checking account register but allocates the income and expenses to various income and expense accounts. Separate account records are maintained for petty cash, accounts payable and receivable, and other relevant transactions such as inventory and travel expenses.

Transactions

January 2, 2012, Received SSP 3,000 for sales of Groundnuts oil

January 14, 2012, Received SSP 6,000 for milling service

January 22, 2012, purchased office supplies for SSP 1,000

January 26, 2012, Pay for advertisement for SSP 300

Jan

uary 31, 2012, Bank charges amounting to SSP 15

Table: Sample Revenue and Expense Journal for Single-Entry Bookkeeping

No	Date	Description	Revenue	Sales/Serv.	Expense	Advert	Supply	Misc.
1	Jan 2, 2012	Sales of G/nut oil	3,000	3,000				
2	Jan 14, 2012	Milling Services	6,000	6,000				

3	Jan 22, 2012	Purchase Office supplies			1,000		1,000	
4	Jan 26, 2012	Advertisement			300	300		
5	Jan 31, 2012	Bank charges			15			15
		Total	**9,000**	**9,000**	**1,315**	**300**	**1,000**	**15**

3.7.2. Double Entry System

Earlier transactions in the books of accounts were recorded under single entry system. The system had some shortcomings, as there was not a complete record of all the transactions. Therefore, problems were faced while preparing final accounts. Problems were also faced, as there was no self-balancing method of accounting that could guarantee, to some extent, the accuracy of the books of accounts. So a need was felt for some uniformly accepted system of accounting that could help in the verification of the accuracy of books to some extent. These problems were solved by the Double Entry System of Accounting. This system has totally replaced the single entry system. This system is now followed everywhere. Under this system of accounting, every transaction in business involves at least two accounts. That is why this method of accounting is called the “Double Entry System” Under this system every transaction has two aspects i.e. debit side and credit side. Under this system, every transaction is entered into at least two accounts in the Ledger. In one, account, the transaction is entered on the Left-hand side i.e. on the debit portion of the account, and the other account entry for an equal amount is made on the Right-hand side of the account i.e. the credit portion of the account.

For example, suppose Mike paid cash salaries to his staff. The two accounts affected are cash account and salaries account. As cash is going out of it, the cash account is credited. Salaries are expenses for the business; salaries account is debited. Again Colletha bought raw material for the production unit, the two accounts involved are Cash account and Purchases account. She paid carriage to transport goods to her factory; the two accounts involved are cash account and carriage account. She sold finished goods to customers on credit; the two accounts involved are the customer’s personal account (debtor) and sales account. She also purchased furniture for her office on credit. The two accounts involved are furniture account and the personal account of the seller (creditor). Thus we can see that every transaction has two aspects in the Double entry system of accountancy. Now which account is debited and which is to be credited depends on the types of accounts involved and the rules of debit and credit for this kind of account. The basic principle is that for every single transaction there are two entries – one to a “giving account” and a corresponding one to a “receiving account.” In principle, it is said that you Credit (Cr) the giving account and Debit (Dr) the receiving account.

ASSETS = LIABILITIES + OWNER'S EQUITY

The equation is termed the fundamental accounting equation because these relationships are so essential to the analysis and presentation of accounting information. The relationship between the Income Statement or Profit & Loss Account and the Balance Sheet is that profit increases an owner's equity, and a loss reduces it. The similar double entry effect is always on the ASSETS, increasing or reducing them.

3.8. The Balance Sheet

A balance sheet is a financial report that shows the financial picture of a company at a given time. Balance sheets are usually done monthly or quarterly depending on the nature and size of the business. The basic principle of the balance sheet is to show what you own, what you owe and how much you have invested in your business. It gives you an idea of whether or not you can pay your creditors, how you manage your inventory and how you manage your billing. What is the worth of your business? This is a valuable tool to improve your business.

3.8.1. How is the Balance Sheet Structured?

There are two columns to a balance sheet. The first column lists what you own, or your assets. This includes your cash on hand, accounts receivable and inventory. You will also need to include prepaid and other expenses. You may also have other assets such as a note that will be due at a later date. In the right column, you would list your liabilities. These include loans that you owe, accounts payable and taxes that you may owe. Both sides of the sheet are totaled, and the owners net worth or investment is added to the liabilities side, and then that column is added again. Both numbers on the sheet should equal each other, hence the name balance sheet. If they do not, you know you have missed something and should go back through your accounts again.

Table: Example of a Blank Balance Sheet

Assets	Amount		Liabilities & Owner Equity	Amount
Cash at bank			Purchased payable	
Sales on credit		=	Short term loan	
Purchased Goods			Capital	
Total			**Total**	

Table: Example of a Filled in Balance Sheet

Assets	Amount		Liabilities & Owner Equity	Amount
Cash at bank	7,000		Purchased payable	1,200
Sales on credit	3,000	=	Short term loan	3,000
Purchased Goods	5,000		Capital	10,800
Total	**15,000**		**Total**	**25,800**

3.8.2. Information Provided by the Balance Sheet

The information on your balance sheet can help a bank decide whether to lend your business money or not. This is one point you would like to know, exactly what's going on all the time in your business. You have a chance to improve your company, thus making the sheet more appealing to the bank. It can show you if the financial position of your company can handle hiring more employees or giving the current ones a raise. Moreover, if you ever wanted to sell your business, the buyers would like to see your balance sheets. Once you have done the sheets for a year, you can see how your business is growing or if the market is declining. You can see if there are areas where you want to cut back or maybe spend more money. Just by maintaining this one financial form, you can have a wealth of information at your fingertips.

3.9. Basic Understanding of Assets and Liabilities:

3.9.1. Assets:

As noted previously, anything of value that is owned or due to the business is included under the Asset section of the Balance Sheet. Assets are shown at the netbook or net realizable value (more on this later) but appreciated values are not considered.

Current Assets

Current assets are those that mature in less than one year. They are the sum of the following categories:

- Cash
- Accounts Receivable (A/R)
- Inventory (Inv)
- Prepaid Expenses
- Other Current Assets

3.9.2. Liabilities and Net Worth

Liabilities and Net Worth are sources of cash listed in descending order from the most nervous creditors and soonest to mature obligations (current liabilities), to the least nervous and never due obligations (net worth). There are two sources of funds: lender-investor and owner-investor. Lender-investors consist of trade suppliers, employees, tax authorities and financial institutions. Owner-investor consists of stockholders and principals who loan cash to the business. Both lender-investor and owner-investors have invested cash or its equivalent into the company. The only difference between the investors is the maturity date of their obligations and the degree of their nervousness.

Current liabilities:

Current liabilities are those obligations that will mature and must be paid within 12 months. These are liabilities that can create a company's insolvency if cash is inadequate. A happy and satisfied set of current creditors is a healthy and important source of credit for short-term uses of cash (inventory and receivables). An unhappy and dissatisfied set of existing creditors can threaten the survival of the company. The best way to keep these creditors happy is to maintain their obligations current.

Current liabilities consist of the following obligation accounts:

- Accounts Payable - Trade (A/P)
- Accrued Expenses
- Notes Payable - Bank (N/P Bank)
- Notes Payable - Other (N/P Other)
- Current Portion of Long-term Debt

Proper matching of sources and uses of funds requires that short-term (current) liabilities must be used. Only to purchase short-term assets (inventory and receivables)

Module

4

Calculating Profit and Loss

4.1. Profit

Profit is the investment gain or reward that entrepreneurs aim to get to reflect the risk that they take. Profit is also an important signal to other providers of funds to business. Banks, suppliers and other lenders are more likely to provide finance to a business that can demonstrate that it makes a profit (or is very likely to do so in the near future) and that it can settle debts as they become due. Profit is also an important source of income for business. Profits earned which are kept in the business (i.e. not distributed to the owners via dividends or other payments) are known as Retained Profits.

Retained profits are a major source of income for any business, but especially start-ups or small businesses. The time a product is sold for more than it cost to produce it, then a profit is earned, which can be reinvested.

Profit can be measured and calculated. So here is the formula:

PROFIT = TOTAL SALES - TOTAL COST

Sales	Costs	Profit or Loss
SSP 100,000	SSP 75,000	SSP 25,000 (Profit)
SSP 100,000	SSP 125,000	SSP 25,000 (Loss)
Total Sales greater than total costs		Profit
Total costs greater than total sales		Loss
Total sales = total costs		Break-even

Profit - means that there is more money coming in than there is going out.

4.2. Income and Profit:

Income and profit involve net or partially net concepts and refer to amounts resulting from the deduction from revenues, or from operating revenues, of cost of goods sold, other expenses, and losses, or some of them. The terms are often used interchangeably and are generally preceded by an appropriate qualifying adjective or term such as "gross," "operating," "net Income or Profit before income taxes," and "net." The terms are also used in titles of statements showing results of operations, such as "income statement" or "statement of profit and loss," or, sometimes, "profit and loss account."

The term gross income is often used as the equivalent of revenue; in public utility practice it is commonly used in referring to net income before deducting interest and other income charges. The term gross profit is frequently used to describe operating revenue less the cost of goods sold. The terms operating income or operating profit are generally used to denote "gross profit" less ordinary expenses. The terms net income or net profit refer to the results of operations after deducting from revenues all related costs and expenses and all other charges and losses assigned to the period. These deductions do not include dividends or comparable withdrawals.

4.3. Loss

The loss means that you spend more money on producing or buying your products than the money you earn by selling the goods.

4.4. Expense and Loss

Expense in its broadest sense includes all expired costs which are deductible from revenues. In income statements, distinctions are often made between various types of expired costs by captions or titles including such terms as cost, expense, or loss, e.g., cost of goods or services sold, operating expenses, selling and administrative expenses, and loss on sale of property. These distinctions seem generally useful, and indicate that the narrower use of the term expense refers to such items as operating, selling or administrative expenses, interest, and taxes.

Loss is the excess of all expenses, in the broad sense of that word, over revenues for a period, or the excess of all or the appropriate portion of the cost of assets over related proceeds, if any, when the items are sold, abandoned, or either wholly or partially destroyed by casualty or otherwise written off. When losses such as those described above are deducted from revenues, they are expenses in the broad sense of that term.

4.5. Calculation Profit or Loss

a) Include the title and period. When creating a profit and loss statement, the document is titled at the top of the page with "Profit & Loss Statement." Under the title, include the period of time that the statement covers. Profit and loss statement normally covers one month, one quarter or one year. This is written using words such as "For the Month Ending January 31, 2011."

b) Record all business transactions. Profit and loss statement should not be created until all transactions for the period have been recorded and posted to the appropriate accounts in the company's general ledger.

Module

5

Managing Business Cash and Accounts

5.1. Saving:

Savings are money or other assets kept over a period of time, usually not to be consumed immediately but in the future. Savings can be kept in a bank or any other safe place where there is no risk of loss, spending, or making the profit.

Savings can be done through

• **Small but regular deposits** – this happen when someone has decided to sacrifice current consumption (use of assets, e.g. of money and goods) in order to increase the availability of assets for future consumption. It, therefore, involves postponing expenditures in a view to accumulating a sizeable amount of resources for future use.

• **Automatic deductions from salaries, wages or income** - this type of saving is not voluntary. It is a system used by most employers under the labor law.

5.2. Advantage of saving

- To provide for specific needs in the future
- To have access to monetary or other assets whenever needed
- To ensure financial independence
- To make one's resources inaccessible for others without one's approval
- To safely store surplus
- To acquire skills for proper money management and self-discipline
- To qualify for certain types of loans

5.3. Forms of Saving

• **Informal saving:** Savings societies, village banking

• **Traditional forms of saving:** Buying assets (e.g. houses, animals, artworks), holding cash in pots, or mattresses.

• **Formal savings:** Bank savings account; savings account with micro-finance institutions.

5.4. Advantages and Disadvantages of different forms of saving

5.4.1. At home:

Advantages:

- You do not have to travel.
- Don't have to follow procedure to withdraw money
- Can be used at any point of time

Disadvantages:

- You are tempted to use the money;
- It may not be safe.

5.4.2. At the bank:

Advantages:

- The money is safe;
- You will get interest on the money.

Disadvantages:

- You may have to travel;
- Banks are formal institutions, which may discourage people.

5.4.3. With a savings group:

Advantages:

- You do not have to travel;
- You are encouraged by other group-members to save.

Disadvantage:

- The money-collector may not always be reliable.

5.5. Managing Credit

Buying and selling on credit are very popular. It can be rewarding, but it can also be very risky as people do not always remember who owes them money and to whom they owe money and how much. Some people may only pay after a long time or not pay at all. Understanding how to manage credit will help you control your business better.

5.5.1. Selling on credit

The main advantage of selling on credit is that it is a service to your customers, and will attract some customers. However, there are more disadvantages than advantages to selling on credit:

- Your clients may delay in repaying, or may not repay you at all;

- There may be quarrels over repayment;

- Selling small items on credit to people (1 bread, 2 bottles of soft drinks), easily adds to a lot of money, which makes it difficult for you to remember who should repay you and how much money;

- The money that your customers still have to repay cannot be used to buy materials or improve your business. Therefore it is best not to sell on credit at all. However, if you have to sell on credit, keep the following rules:

- Only sell on credit to regular customers who you are sure will pay you back on time;

- Demand payment of part of the amount;

- Always keep sufficient cash to buy new stock;

- Maintain records of the people to whom you sell on credit.

5.5.2. Buying on credit:

Buying on credit may help you in your business in the following cases:

- To buy stock in a season when it is cheap (like local example), preserve and store it and sell it when the prices are high;

- To enable you to buy cheaper in bulk (like flour);

- To cover high seasonal expenses (like plowing).

In these cases, buying on credit may give you more profit.

5.5.3. The disadvantages of buying on credit are:

• There may be quarrels over repayment;
• You may forget about it;
• There is the tendency to buy unnecessary things;
• Sometimes you have to pay more when you buy on credit (interest).

If you decide to buy on credit, be sure that you will be able to repay your credit on time. Before buying on credit find out how much profit you will make with your business. The profit should be enough to repay your credit, and still leave some money for savings.

5.6. Importance of Credit book:

The credit book keeps the record of all the money that customers have to repay you and all the money you have to repay to others.

You can keep two credit books; one for the goods that you have sold on credit, and one of the goods that you bought on credit. Alternatively: you can use the first part of an exercise book for 'sold on credit,' and the second part for the "bought on credit."

5.7. Loan:

A loan is a type of debt. Like all debt instruments, a loan entails the redistribution of financial assets over time, between the lender and the borrower.

In a loan, the borrower initially receives or borrows a sum of money, called the principal, from the lender, and is obligated to pay back or repay an equal amount of money to the lender at a later time. Typically, the money is paid off in regular installments, or partial repayments; in an annuity, each installment is the same amount.

The loan is usually provided at a cost, referred to as interest on the debt, which provides an incentive for the lender to engage in the loan. In a legal loan, each of these obligations and restrictions is enforced by contract, which can also put the borrower under additional restrictions known as loan covenants. Although this article focuses on financial loans, in practice any material object might be lent. Acting as a provider of loans is one of the principal tasks for financial institutions. For other institutions, issuing of debt contracts such as bonds is a regular source of funding.

5.7.1. Advantages

• A bank loan can be secured quickly; in less than an hour, a qualified borrower can complete a bank loan transaction.
• A bank loan can be used in many ways; money can be borrowed for many large-ticket items, such as furniture, vehicles or home renovations.

5.7.2. Disadvantages

• Some loans carry a prepayment penalty, preventing the borrower from paying the note off early without incurring additional cost.
• There are a number of limitations on the transaction. Good credit is usually required to borrow money, and there are stipulations on how the money can be used.

Module

6

Financial and Marketing Management

6.1. Finance

Finance is the study of how investors allocate their assets over time under conditions of certainty and uncertainty. A key factor in finance, which affects decisions, is the time value of money, which states that a unit of currency today is worth more than a unit of currency tomorrow. Finance measures the risks vs. profits and gives an indication of whether the investment is good or not.

• Management control (as exercised in planning, performance evaluation, and coordination) of financial activities aims to achieve the desired return on investment.

• Managers use financial statements (a budget being the main one), operating ratios, and other financial tools to exercise financial control.

6.2. Financial controls and system

Financial controls are the means by which an organization's resources are directed, monitored, and measured. Financial controls play an important role in ensuring the accuracy of reporting, eliminating fraud and protecting the organization's resources, both physical and intangible. These internal control procedures reduce process variation, leading to more predictable outcomes.

The types of financial controls in place differ with each organisation however following core areas can be covered:

• **Budgets:** By having a budget in place at the beginning of the year you can access performance and be able to identify overspends.

• **Bank Mandate:** You need effective controls over who has authority to make payments of the bank account, the level of authority and rules over cheque signatories.

• **Expenditure** Authorisation: You need to ensure that people have sufficient authorisation to spend the organisations resources.

• **Salaries:** This can be a significant area of fraud without strong financial controls in place over new staff, leavers, changes to salaries and who calculates and pays the salaries.

• **Petty Cash:** As this is physical cash it is easy for money to go missing, it is essential to maintain good records and ensure it is reconciled regularly.

• **Cash Income:** If you receive lots of cash there are risks that not all of it will be deposited in the bank therefore controls need to be put in place over who counts, banks and records it.

• **Bank Reconciliation:** This is an important process for any organisation to go through to ensure that the amount in the bank account agrees with what you expect there to be.

• **Confidential information:** You need to ensure you know what information is confidential, how long you are supposed to keep it and that it is fill away correctly.

6.3. Sources of Finance:

6.3.1. Own funds

Many starting entrepreneurs have saved money for quite a while to be able to start their business. Some sell assets such as land or livestock. Using their own funds creates independence. Entrepreneurs should cultivate a culture of saving money, which will allow them to make future investments unassisted. One way of increasing one's own funds is to team up with one or more partners who can pump money into the business.

However, this requires careful consideration, as the business needs to generate enough profit to provide a return to all those who invested in it.
Entrepreneurs investing their own funds in their business also send out a message to third parties. They show that they believe in the business and that they are ready to risk their own money to run it they show commitment. Showing this type of commitment can prove crucial when they decide to apply for funds from a financial institution like a microcredit Institute, a bank or moneylenders. Microfinance institutions and NGOs providing grants for small businesses often demand a personal contribution of funds from the entrepreneur to supplement a loan or a grant.

6.3.2. Loans

Entrepreneurs with a convincing business idea and a good plan of activities illustrating its potential profitability may qualify for a loan from a financial institution. Often, however, loans are granted only if the entrepreneur has some collateral (e.g. is the owner of a house).

Entrepreneurs who use loans to start their business must add the respective costs – i.e. interest payments and reimbursement of the principal – to all their calculations. For starting entrepreneurs with limited means and no collateral, loans are usually not accessible.
Entrepreneurs who have a seasoned business and can illustrate their financial viability and profitability have a better chance of obtaining a loan. This is another reason for entrepreneurs to keep records and properly document the profitability of their business

6.4. What is marketing?

Marketing is the effort to identify and satisfy customers' needs and wants. It involves finding out who your customers are, what they need and want, the prices, the level of competition. It involves the knowledge and all the processes you undertake to sell your product.

Marketing answers the following questions:

- Who are my customers?
- What are my customer's needs and wants?
- How can I satisfy my customers'?
- How do I make a profit as I satisfy my clients?

6.5. Who are your customers?

Your customers are the people or other businesses that want your products/ services and are willing to pay for them. They include:

- People who are buying from you now.
- People you hope will buy from you in the future.
- People who stopped buying from you but you hope to get them back.

6.6. What are my customer's needs and wants?

An Important point to note is that customers want to look at different products so that they can choose what they like best. Some customers want a different design and others want high quality and are willing to pay extra for that.

6.7. How can I satisfy my customers'?

You need to do everything to find out who your customers are and what they need and want in order to satisfy them improves your sales and makes a profit. You need to find out:

- Products/services your customers want.
- Price your customers are willing to pay.
- Location of your business in order to reach your customers (Place).
- Promotion to use to inform your customers and attract them to buy your products or services.

6.7.1. PRODUCT

Product refers to goods/services produced for sale, the product /service should relate to the needs and wants of the customers. Some important questions you need to ask yourself include:

- What products/services do I sell?
- Why did I decide to sell these products?
- Do I have the products customers want?
- Do any of my products not sell well?
- Do I stock products that do not sell well?

Always listen to what your customers like and don't like. When their needs change, change your products and services to satisfy the new requirements. Do more market research in order to provide those goods and services and increase your sales. If your product is not selling well, think of new ideas like finding new customers.

6.7.2. PRICING

Pricing refers to the process of setting a price for a product/service. Your prices must be low enough to attract customers to buy and high enough to earn your business profit.

To set your price, you need to:
• Know your costs.
• Know how much customers are willing to pay.
• Know your competitor's price.
• Know how to make your prices more attractive

6.7.3. PLACE

Place means the different ways of getting your products or services to your customers. It is also referred to as distribution. If your business is not located near your clients, you must find ways to get your products/services to where it is easy for customers to buy. You can distribute your products to your customers through:
• Selling directly to the consumers of the products.
• Retail distribution and wholesale distribution.

6.7.4. PROMOTION

Promotion means informing your customers of your products and services and attracting them to buy them. Promotion includes advertising, sales promotion, publicity and personal selling.
Use advertising to make customers more interested in buying your products or services. Some useful ways of advertising include signs, boards, posters, handouts, business cards, price lists, photos and newspapers.

You can use sales promotion to make customers buy more when they come to your business, and you could also:

• Ensure you maintain attractive displays.
• Let customers try new products.
• Have competitions
• Give demonstrations
• Sell complementary products (products that go together)

6.7.5. MARKET RESEARCH

Before starting a business, it is important to know the market conditions, in which the business will be operating: What are the customer needs? Who is the competition? What are the prices at which products and services are sold? These are only some of the questions that need to be clarified before starting. So, after having come up with a brilliant idea, you need to check if it can work in the market. You need to carry out a market survey. The main focus of this activity is to find out as much as possible about your potential customer's buying habits and competition

• What do they buy?
• Where do they buy?
• Why do they buy from XY?
• When do they buy?
• How much do they buy?
• Which price do they pay?
• What are their preferences?
• Do they get any extras?

The Marketing Process

Market research is the gathering of information that ties a small enterprise to its customers. It provides the information that is necessary for companies to correctly position their product in the marketplace and offer the best combination of product, price, place/distribution, promotion, and person.

Well-designed market research gives a person an edge on their competition, reduces their risk, and improves the effectiveness of their enterprise activities. Quality market research is the key to success for the small entrepreneur. If a person does not understand their customer and their needs they will likely fail in their enterprise.

Why Conduct Market Research?

- To develop product, price, promotion, place/distribution, and people plans
- To identify problems in their marketplace and discover new opportunities
- To learn about competitors and how they are marketing their products.
- To find out what consumers think about their product category
- To gauge the performance of existing products

Market research involves the systematic, objective collection and analysis of the above data. It is often conducted as the first step in identifying the feasibility of an enterprise idea. It always incorporates some form of data collection and is either secondary research (often referred to as desk research) or primary research (direct from an individual).

How to conduct market research Talk to potential competitors to find out:

- Their products or services (for example quality and design)
- What prices they charge
- What exactly they sell
- How their product/services differ from yours
- Where they get their inputs?
- Where do they sell?
- How they promote their product/service
- Any particular approaches to customer care
- How you can compete

Annex 1

Group Activities in Module 1

- What do you think a business is?
- What type of business do you do?
- What problems do you encounter within your own business?
- Ask participants to list all the things and resources that are found in business. This may include people, machinery, stationery, etc.

Ask participants to provide in a table format the advantages and disadvantages of the type of business they are managing or would like to start.

Annex 2

Group activities in Module 2
• How do you remember how much money comes in and goes out?
• What happens if you forget something?
• How do you think bookkeeping could help your business?
• What do you think bookkeeping means?

ROLE-PLAYS

Tell the participants that you would like them to perform a role-play, as it will help them to understand what this lesson is about. Divide the class into three groups. Read the themes to each group.

Theme for group 1:

A woman has a business (choose a business that is familiar to your participants). She does not write down how much money comes in and goes out. One day her son comes home from school with a letter from the headmaster. The school has increased the school fees, and it has to be paid immediately.
The woman gets anxious. She knows she has no money. She desperately tries to remember how much money she received in the past week and how she spent it.

Theme for group 2:

A carpenter has sold a cupboard for SSP 15,000 to a customer. When the customer collected the cupboard, he told the carpenter that he did not have money at that moment, but he promised to pay at the end of the month.
At the end of the month, the carpenter tries to get his money. The customer tells him that he only owes him SSP 13,000, and he will not pay him more than that! A furious discussion between the two persons follows. However, the carpenter has no proof that he has sold the cupboard on credit for SSP 15,000 and he has to accept the SSP 13,000.

Theme for group 3:

A group of women in your village has a bakery. They have divided the tasks as following:
• One person always buys the ingredients for the bread and the firewood;
• One person is responsible for selling the bread;
• All the other members of the group assist in kneading the dough and baking the bread;
• The treasurer of the group is responsible for keeping the money safe.
The sales woman does not write down how much money comes in. Whenever there is

cash, she gives it to the treasurer of the group, who keeps it in a cash box. The treasurer, in turn, provides money to the person who buys the ingredients and the firewood. The treasurer is a very reliable person, but she does not know how to read and write.

At the end of the month, the group wants to know how much money they have made by selling bread. When they open the cash box, they find out that there is less money than they expected. Nobody knows what happened to the money. After a discussion, they accuse the sales woman of stealing money.

After performing each role-play ask the participants a question:

• Play 1: What is the woman's problem? What could she have done to avoid this problem?

• Play 2: Why was the carpenter cheated?

• Play 3: Why were the group members angry? What could they have done to avoid this problem?

Annex 3

Group activities in Module 3

- Can you mention three sources from which you receive money? Also, three things on which you spend money?

- If bookkeeping means that you write down all the money that comes in and goes out, how would you do it?

Invite some of the participants to come to the chalkboard and make a very simple drawing of the following:

• Money
• Fish
• Food
• Transport
• Firewood

Practice; Exercise in Pairs

• The participants should sit together in pairs of two and do an exercise. They should take their exercise books and write the symbol for 'money in' on the left page and the symbol for 'money out' on the right page.
• Each pair should choose a business that is familiar to them. They should discuss the expenditure involved in making and selling their product (or giving their service). They should draw symbols of the items that bring in money on the left page, and symbols of the items on which they spend money on the right page.
• When everybody has finished, ask some of the participants to draw a cashbook on the chalkboard, explain the outcome of their discussion, and write the symbols in the cashbook on the chalkboard.

Example 1:
Read the following example to the group.

A women's group is running a poultry project. They buy chicks and feed them until they are mature. The chicken food can easily be purchased in the village. Sometimes chickens get sick, and they have to buy medicines.

The chickens are sold on market days in town, about 15 kilometers from their village. They always take the bus to get there. In town, they pay a porter for carrying the chickens from the bus station to the market.

At the end of the day, all the chickens are sold.

Draw a cashbook on the chalkboard. Tell the story again, item by item. Let the participants tell you which actions bring in money and which actions need money. Ask individual participants to draw the appropriate symbols in the correct columns on the chalkboa

Have a discussion on the following question to make your participants aware of the importance of wages:

• Which of the following group members in the poultry project should be paid for their work?

- The members who feed the chickens and clean the chicken house?
- The members who sell the chickens in town?
- The members who are part of the group but do not do any work in the project?

• What is income?

• What is expenditure?

Example 2

Brainstorm with the participants on the following questions, or choose other examples of businesses that are more familiar to your participants:

• What are the incomes and the expenditure concerned with operating a bakery?

• What are the incomes and the expenditure involved in buying and selling soft drinks?

PRACTICE

Before starting the exercises ask all participants to draw the lines in the exercise book. Make sure 'money in' is on the left side and 'money out' on the right side, and that each page is correctly divided into the three columns. At least four pages.

Exercise 1: plenary discussion

Ask a participant to draw a cashbook on the chalkboard. Ask individual participants to write the details of the following exercise in the cashbook.

• Choose a business that you know well:

- Start with writing an amount of cash on the 'money in' side;

- Discuss the process:
- What materials do you usually buy;
- What services do you pay for;
- What wages do you pay;
- How much do you spend on replacements and repair;
- How much do you sell your goods for;
- Write the income and expenditure in the cash book on the chalkboard
- (Using symbols);
- Add up both columns and find out how much cash is left.

• Ask participants to copy the example from the chalkboard in their exercise books.

Exercise 2: exercise in pairs

Divide the group into pairs. Each pair is to do the following exercise. Read the exercise. Repeat it item by item and write the dates, symbols and amounts on the chalkboard as shown on the next page.
Amina sells groceries (like tea and matches) from a kiosk at the roadside.

• On 5-7-1993 she has SSP 6000 cash in hand.
• She goes to town and buys the following items:
- 5 tins of sardines for SSP 400 each; 5 x SSP 400 = SSP 2000
- 4 packs of matches at SSP 200 = SSP 800
- Bananas for SSP 1200
- She pays SSP 200 for transport
• On 6-7-1993 she sells the following items:
- 2 tins of sardines at SSP 450 each; 2 x SSP 450 = SSP 900
- 1 pack of matches at SSP 250
- And bananas for SSP 700
• She takes SSP 400 from the business money to go to the market to buy foodstuffs for her.

Annex 4

Group activities under Module 4
GROUP EXERCISES

Divide the participants into small groups of three persons. Read the exercises to the participants and write the details on the chalkboard as shown below.
The participants should copy the details in their exercise books and do the exercises in their small groups.

Exercise 1

Mary buys two baskets of fresh fish for SSP 3500 each, smokes it and sells it for SSP 6000 each on 20-3-2017.
• Write down all the amounts of money Mary has had to spend before selling the two baskets of fish. Calculate the total money out.
• What will Mary's income be when she sells the two baskets of smoked fish for SSP 6000
• How much profit does Mary make when she sells the fish for SSP 6000?
• How could Mary have made more profit?

Exercise 2
Joyce sells doughnuts. She buys the following ingredients:
• Flour SSP 600
• Sugar SSP 350
• Yeast SSP100
• Oil SSP 1500
• She pays SSP100 for transport
• She also buys charcoal for SSP 200

On 25-3-2017 she bakes 80 doughnuts. She sells 60 doughnuts at SSP 50 each (60 x SSP 50 =SSP 3000). She gives 20 doughnuts to her children and some friends.
Note: Joyce does not use all the oil; about one-third of the bottle is left over, worth SSP 500. When calculating the profit the leftover oil should not be included, as she can still use it another time.

• How much money did Joyce spend to fry 80 doughnuts?
• How much money did she receive by selling 60 doughnuts?
• Did she make a profit or a loss?
• How could she have made more profit?

(Stress that she has given away some of the doughnuts)

Annex 5

Group activities in Module 5

Practice: Role - Plays

Divide the participants into groups of 5 persons. Give each group the following questions to answer:

• Choose a business that is familiar to you. What do you want to use your profit for?
• What are the things you would want to save money for?
• How would you save the money?
- At home? At a bank? With a savings group? Otherwise? Give reasons why.

After the discussions ask each group to present the outcome of the discussion in the form of a role-play.

Practice: Small Group Discussions

Divide the participants into small groups of three to four persons.

Let each group think of business whereby it is common to buy or sell on credit. They should try to think of the advantages and disadvantages of buying and/or selling on credit in this particular business.

After the discussions, one person of each small group should present their case to the other participants.

Exercise 1: Maintaining Credit book

Draw a 'sold on credit' book on the chalkboard. Read the following story and write the details as shown below in the credit book. Ask participants to come to the chalkboard and write the amounts in the correct columns.

Lucy is a farmer. She sells tomatoes and onions. She has a regular customer. Her name is Regina.

• On 1-7-2016 Aba sells tomatoes for SSP 5000 and onions for SSP 4000 to Regina on credit. Regina promises to pay on the next market day.
• On 7-7-2016 Regina pays Lucy SSP 7000.
• On the same day, she buys tomatoes for SSP 2000 on credit again.

After writing the exercise on the chalkboard, the participants should copy it in their exercise books.

Exercise 2

Draw a 'bought on credit' book on the chalkboard. Read the following story and let the participants write the details in the credit book on the chalkboard.

Amina is a baker. She often buys bags of flour on credit from the wholesale shop. The name of the shop is ‘Okay store.’ She always writes everything she buys on credit in her credit book, so that she cannot forget anything.

• On 15-2-2016 Amina buys 2 bags of flour of SSP15, 000 each. She pays cash for only one bag and agrees to pay the remaining SSP15, 000 in two weeks time.
• On 25-2-2016 she pays SSP 15,000.
• On 25-2-2016 she buys another 2 bags of flour on credit at SSP15, 000 each (2 x SSP 15,000 =SSP 30,000)

After writing the exercise on the chalkboard, the participants should copy it in their exercise books.

Annex 6

Group activities in Module 6
Practice: Role-Plays

Divide the participants into two groups. Each group is to perform a role-play. Each role-plays should highlight some of the issues that they have learned in the previous lessons.

Group 1
Choose a business that is familiar to you. Prepare a role to play on an awful businesswoman. Some ideas that you could include in your role-play are:

- Her prices are very high;
- Her place is far from the village;
- Her products are often not ready in time;
- Her products are of bad quality;
- She is unfriendly to customers;
- She does not keep records of income and expenditure.

Group 2
Take somebody in mind whom you consider being a very good businesswoman. Think of what makes her a good businesswoman and prepare a role-play on that. Some ideas for your role-play are:

- The product is what people need and are prepared to pay for;
- She produces good quality and in time;
- She gives good service to customers;
- She keeps records of her income and expenditure in a cash book;

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