

# INTERNATIONAL GCSE

## Business Studies

Specification and Sample Assessment Material

Edexcel International GCSE in Business Studies (4BS0)

First examination 2011

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Authorised by Martin Stretton  
Prepared by Lucy Stewart  
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# **International GCSE**

Business Studies (4BS0)

Specification

First examination 2011



## **Introduction**

The Edexcel International General Certificate of Secondary Education (International GCSE) in Business Studies is designed for use in schools and colleges. It is part of a suite of International GCSE qualifications offered by Edexcel.

The Edexcel International GCSE in Business Studies is designed as a two-year course. As students progress they are introduced to new ideas and concepts while continuing to use and reinforce previously learned concepts and skills. The course is designed to give students a sound understanding of business and the ability to use knowledge, skills and understanding appropriately in the context of international markets and the United Kingdom (UK).

## **Key subject aims**

The Edexcel International GCSE in Business Studies qualification enables students to:

- develop an interest in, and enjoyment of, business subjects that will be sustained in later life
- use relevant terminology, concepts and methods effectively and recognise the strengths and limitations of the ideas used
- develop and apply their knowledge, understanding and skills to current issues in a wide range of appropriate international and UK contexts
- use an enquiring, critical approach to distinguish between facts and opinion and evaluate qualitative and quantitative data, to help build arguments and make informed judgements
- appreciate the range of different stakeholder perspectives in relation to business activities
- have an understanding of the dynamics of business activity and the related considerations of ethics and sustainability in business.

# About this specification

## Key features and benefits of the specification

Key features and benefits are:

- Closely based on the content of the equivalent Edexcel GCSE Business Studies suite of qualifications.
- 100% examination – single assessment route allowing all students to demonstrate their knowledge and understanding of business.
- Comprehensive and detailed description of subject content.
- Appropriate for students of various ages and from diverse backgrounds in terms of general education and life long learning.
- Provides a solid basis for Edexcel AS GCE and Advanced GCE in Economics and Business Studies, AS GCE and Advanced GCE in Business Studies, or equivalent qualifications.

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# Specification at a glance

This Edexcel International GCSE in Business Studies is assessed through a written examination paper.

<b>Paper 1: Business Studies</b>	<b>Paper code: 4BS0/01</b>
<ul style="list-style-type: none"><li>• Externally assessed</li><li>• Availability: June series</li><li>• First assessment: June 2011</li></ul>	
<p>Overview of content</p> <ul style="list-style-type: none"><li>• <b>Business Activity and the Changing Environment</b> – examines the objectives of businesses, the changing environment and the criteria for judging success. The focus is on the importance of having clear business objectives and how the business environment provides opportunities for, and imposes constraints upon, the pursuit of those objectives.</li><li>• <b>Human Resources</b> – looks at people in organisations focusing on their roles, relationships and management in business.</li><li>• <b>Accounting and Finance</b> – explores the use of accounting and financial information as an aid to decision making.</li><li>• <b>Marketing</b> – focuses on identifying and satisfying customer needs in a changing and competitive international environment.</li><li>• <b>Production</b> – examines the way organisations use and manage resources to produce goods and services.</li></ul>	
<p>Overview of assessment</p> <ul style="list-style-type: none"><li>• The assessment of this qualification is through a two-hour examination paper, set and marked by Edexcel.</li><li>• Single tier of entry.</li><li>• The total number of marks available is 100.</li></ul>	



# Qualification content

## Knowledge, skills and understanding

This Edexcel International GCSE in Business Studies requires students to:

- relate their learning to real business examples
- be aware of current issues which affect businesses, their operation and success, and how they adapt to change
- focus on current business practice
- understand the importance of seeing business issues and situations through different perspectives
- be aware that information communication technology is essential to business decision-making processes and success, and affects all functional areas of business.



# Paper 1: Business Studies

## Content overview

Students need to demonstrate specified knowledge and critical understanding of the following sections:

- 1 Business Activity and the Changing Environment
- 2 Human Resources (HR)
- 3 Accounting and Finance
- 4 Marketing
- 5 Production.

Section 1: Introduces the nature and types of business within an economy and encourages students to examine the interaction between businesses and the environment within which they operate.

Sections 2–5: Focus on the main functional areas of business – HR, accounting and finance, marketing and production.

Whilst the five sections of content are listed as discrete topics it is important for students to recognise that, because business is dynamic, these five areas interrelate.

Section	Content summary
<b>1 Business Activity and the Changing Environment</b>	This section examines the objectives of businesses, the changing environment and the criteria for judging success. The focus is on the importance of having clear business objectives and how the business environment provides opportunities for, and imposes constraints on, the pursuit of those objectives.
<b>2 Human Resources</b>	This section looks at people in organisations focusing on their roles, relationships and management in business.
<b>3 Accounting and Finance</b>	This section explores the use of accounting and financial information as an aid to decision making.
<b>4 Marketing</b>	This section focuses on identifying and satisfying customer needs in a changing and competitive international environment.
<b>5 Production</b>	This section examines the way organisations use and manage resources to produce goods and services.

## Assessment overview

- This qualification is assessed through a two-hour examination paper set and marked by Edexcel.
- Single tier of entry.
- The total number of marks available is 100.
- The examination paper is divided into two sections – A and B. Students will be given compulsory short-answer, structured, data response and open-ended questions on a business-related context. Questions in both sections will be drawn from all areas of the subject content.
- Section A will consist of questions targeted mainly or exclusively at **knowledge, understanding and application** (Assessment Objectives 1 and 2 – See page 15 for details).
- Section B will consist of questions targeted mainly or exclusively at **selection, analysis and evaluation** (Assessment Objectives 3 and 4 – See page 15 for details).
- Students will be given the business-related context at the start of Section A and will answer questions on this. A related context will be given at the start of Section B. The context for both sections is intended to set the scene – students will **not** be required to memorise this information. Relevant data information will be repeated within the questions where required.

## Detailed subject content

<p><b>1 Business Activity and the Changing Environment</b></p> <p>This section covers the various objectives of a business, changing business environments and criteria for judging success. The focus is on the importance of having clear business objectives and how the business environment provides opportunities for, and imposes constraints upon, the pursuit of these objectives.</p>	
Content	Explanation of content
<b>1.1 Objectives</b>	Understanding the importance of having clear business objectives and that business organisations have a variety of objectives (such as wealth creation, survival, market share, profitability) and that these objectives are closely related to each other.
<b>1.2 Types of organisation</b>	Understanding the legal forms of business organisation in the UK (local, national and international) and how their objectives might differ. This will include an understanding of sole traders, partnerships, limited liability companies, franchises and multi-nationals. An understanding of the factors which influence the choice of type of organisation including ownership, control, sources of finance, use of profits, stakeholders and shareholdings.
<b>1.3 Factors of production</b>	<p>Understanding the changing relationships between enterprise, capital and labour.</p> <p>Understanding the differences between capital-intensive and labour-intensive activities, division of labour and job specialisation in the production process.</p>
<b>1.4 Primary, secondary and tertiary activity</b>	Understanding the differences between primary, secondary and tertiary sectors and their interdependence.
<b>1.5 Location</b>	Understanding how the changing business environment influences decisions on the location of a business and how this may provide opportunities for, and imposes constraints upon, the pursuits of business objectives. An understanding that the relevant factors include production, competition in the location, legislation regarding marketing/trading, availability of the workforce, the local environment, government constraints and opportunities.
<b>1.6 Government influences on business activity and objectives</b>	<p>Understanding how government can influence employment, growth, inflation and regional policy and how these influences provide opportunities for, and impose constraints upon, businesses in the pursuit of their objectives.</p> <p>This will involve analysing the effects on business in terms of location and development, legislation, marketing/trading, constraints on public expenditure, taxation, import/export control through tariffs, quotas, exchange rates and competition policy.</p>
<b>1.7 External influences</b>	Understanding the influence of economic, social, ethical, environmental/sustainable and technological (e-business) issues on business decisions.
<b>1.8 Judging success</b>	Understanding the measurement of different criteria against objectives – size, turnover, shareholders, number of employees, consumer reaction/satisfaction.

<p><b>2 Human Resources</b></p> <p>This section looks at people in organisations, focusing on their roles, relationships and management in business.</p>	
Content	Explanation of content
<p><b>2.1 Internal organisation</b></p>	<p>Understanding the functions of key departments and analysing their relationships and interdependence:</p> <ul style="list-style-type: none"> <li>• <b>production</b> – organisation of producing goods/services, quality and stock control</li> <li>• <b>marketing</b> – market research, research and development, product planning, packaging, pricing, sales promotion, advertising, distribution</li> <li>• <b>human resources (personnel)</b> – recruitment, training, terms and conditions of service, contracts, disciplinary and grievance procedures, dismissal</li> <li>• <b>finance</b> – wages, salaries, cash flow forecasting, invoicing and accounts.</li> </ul> <p>Understanding the key terms used in the management of people in business – chain of command, hierarchy, span of control and delegation.</p> <p>Understanding of the roles and responsibilities of employees in terms of compliance and accountability.</p>
<p><b>2.2 Communication</b></p>	<p>Understanding the importance of good communication and analysing the effects of poor communication on the management of the business (to include formal and informal groups).</p> <p>Understanding how different methods of communication are used in a changing business environment through the use of paper and electronic methods, people and organisations.</p>
<p><b>2.3 Recruitment and selection</b></p>	<p>Understanding the procedures involved in the recruitment of employees internally or externally. Understanding and analysing the role and function of job descriptions, person (job) specifications, advertising and interviews in the process of recruiting employees.</p> <p>Analysis of the effects of changing legislation on equal opportunities in terms of gender, race, pay, disability, religious and sexual preference.</p>
<p><b>2.4 Training</b></p>	<p>Understanding the different types of training common in business organisations, including the main purpose and benefits of induction, on-the-job and off-the-job training and government schemes.</p> <p>Analysis and evaluation of the costs/benefits of training to both management and employees.</p>



Content	Explanation of content
<p><b>2.5 Motivation and rewards</b></p>	<p>Understanding how employees are motivated and rewarded and why a well-motivated workforce (where the management meets the needs of its employees) can be a key factor in successful management.</p> <p>This will include an understanding of the motivational theories of Herzberg and Maslow and of reward systems, including wages/salaries, commission, bonus, profit sharing, share ownership, non-financial incentives, job satisfaction.</p>

### 3 Accounting and Finance

This section explores the use of accounting and financial information as an aid to decision making.

Content	Explanation of content
<b>3.1 External and internal sources of finance</b>	<p>Understanding the main types of internal and external sources of finance for business organisations and the factors which influence the decision to use a particular source of finance, in a given situation.</p> <p>Understanding the main benefits, drawbacks and application of short-term start-up capital, including own capital, overdraft, bank loan, friends/family, government incentives for new businesses, grants and/or loans.</p> <p>Understanding the main benefits, drawbacks and application of long-term capital, including reinvestment of profits/reserves to finance expansion, share issue in private and public limited companies and bank loans.</p>
<b>3.2 Budgets and cash flow forecasts</b>	<p>Understanding the use and interpretation of budgeting and cash flow forecasting and how they can be an aid to decision making for the business as a whole.</p>
<b>3.3 Cost and break-even analysis</b>	<p>Understanding the different types of costs and their importance in providing financial information and aiding decision making, including direct and indirect (overhead) costs and fixed and variable costs.</p> <p>The application of break-even analysis in decision making, using a simple model, such as a graph, to show level of sales/output required for total revenue to cover total costs.</p>
<b>3.4 Financial statements</b>	<p>Understanding the purpose and content of the trading account, the profit and loss account and the balance sheet, and how the financial information they provide can be used to assess business performance.</p> <p>Understanding the terms 'gross profit' and 'net profit' and the difference between them, and the terms 'capital', 'asset' (including fixed and current assets) and 'liability' (including current and long-term liabilities).</p> <p>Understanding why accounts are prepared and how the financial information they provide is used in decision making for the business as a whole.</p> <p><i>(Students will not be required to construct accounts.)</i></p>

Content	Explanation of content
<p><b>3.5 Ratios and performance</b></p>	<p>Calculation and interpretation of the main ratios from which business performance may be assessed:</p> <ul style="list-style-type: none"> <li>• gross profit ratio</li> <li>• net profit ratio</li> <li>• return on capital employed (ROCE)</li> <li>• current ratio</li> <li>• acid test.</li> </ul> <p>The interpretation will include an ability to:</p> <ul style="list-style-type: none"> <li>• make comparisons with previous years and/or with other business organisations</li> <li>• describe their function in achieving/furthering business objectives</li> <li>• show an understanding of the financial information they provide.</li> </ul> <p><i>(Students will be provided with formulae in the examination questions.)</i></p>

<b>4 Marketing</b>	
This section focuses on identifying and satisfying customer needs in a changing and competitive international environment.	
<b>Content</b>	<b>Explanation of content</b>
<b>4.1 The market</b>	Understanding the terms: market, market orientation, product orientation, marketing, market segments, market share and market research, and analysis of the role that each plays in the identification and satisfaction of customer needs in a changing and competitive market.
<b>4.2 The marketing mix</b>	<p>Understanding the main elements of the marketing mix and how they combine to satisfy customer needs in a changing and competitive environment:</p> <ul style="list-style-type: none"> <li>• <b>price</b> – understanding the main pricing strategies and when they might be applied – supply/demand, cost plus, penetration, competition, skimming, promotional</li> <li>• <b>promotion</b> – understanding its aims and its main elements: <ul style="list-style-type: none"> <li>– <b>below the line promotion techniques</b> – analysing their role and in what circumstances they might be applied. Techniques will include price reductions, gifts, point of sale, after sales, free samples, competitions</li> <li>– <b>types of advertising</b> – understanding persuasive and informative advertising and analysing when each might be applied</li> <li>– <b>types of advertising media</b> – understanding the main types of advertising media and analysing their appropriateness in different circumstances. Media will include TV, radio, cinema, newspapers, magazines, posters, leaflets, internet</li> <li>– <b>public relations</b> – analysing its role in the promotion of a business</li> </ul> </li> <li>• <b>place</b> – understanding the importance of place in the marketing mix and an analysis of the options available. Options will include: channels of distribution, methods of distribution (department stores, chain stores, discount stores, superstores, supermarkets, direct sales, mail order, internet)</li> <li>• <b>product</b> – understanding the terms ‘goods’ and ‘services’. Understanding and analysing the key factors of branding, packaging and the product mix, and how they help determine and affect the success of the product. Understand the term ‘product life cycle’ and analyse how it can be used in decisions about the marketing of the product. Understanding how the Boston Matrix is used for product analysis.</li> </ul>
<b>4.3 Market research</b>	Understanding the role of market research and its part in identifying customer needs in a changing and competitive international market. This will include the ability to define, differentiate between and analyse the suitability of the use of primary and secondary research/data.

<b>5 Production</b>	
This section examines the way organisations use and manage resources to produce goods and services.	
<b>Content</b>	<b>Explanation of content</b>
<b>5.1 Economies and diseconomies of scale</b>	<p>Understanding how production, cost and decision making are related and of how economies and diseconomies of scale have an effect on the use and management of resources in the production of goods and services. An analysis of the main benefits and drawbacks of economies and diseconomies of scale:</p> <ul style="list-style-type: none"> <li>• <b>economies of scale</b> – internal (technical, managerial, trading, financial), external (location/concentration of business, skilled labour availability, reputation of area)</li> <li>• <b>diseconomies of scale</b> – limits to growth (too large bureaucracy, negative effect on employee empathy, channels of communication and labour relations).</li> </ul>
<b>5.2 Methods of production</b>	Understanding job, batch and flow. The main features of each method and applications of each system particularly in relation to the use and management of resources.
<b>5.3 Productivity</b>	<p>Understanding the term ‘productivity’ and the methods and technology which can be used to increase it:</p> <ul style="list-style-type: none"> <li>• <b>methods</b> – lean production, Just In Time (JIT) stock control</li> <li>• <b>technology</b> – Electronic Point of Sale (EPOS), Electronic Funds Transfer at Point of Sale (EFTPOS), Computer Aided Design (CAD), Computer Aided Manufacture (CAM), and Computer Integrated Manufacturing (CIM).</li> </ul>
<b>5.4 Quality</b>	Understanding the importance of quality control and total quality management (TQM) and of the consequences of poor quality/quality control in production.



# Assessment

## Assessment summary

Paper 1 is externally assessed through an examination paper lasting two hours.

### Summary of table of assessment

<b>Paper 1: Business Studies</b>	<b>Paper code: 4BS0/01</b>
<ul style="list-style-type: none"><li>• The assessment of this qualification is through a two-hour examination paper, set and marked by Edexcel.</li><li>• Single tier of entry.</li><li>• The total number of marks available is 100.</li></ul>	

## Assessment Objectives and weightings

	<b>% in International GCSE</b>
AO1: recall, select, use and communicate their knowledge and understanding of concepts, issues and terminology used in business in an effective manner	20–30%
AO2: apply knowledge and understanding using appropriate terms, concepts, theories and methods effectively in specific contexts	25–40%
AO3: select, organise and interpret data from a variety of sources to investigate and analyse issues and problems	20–30%
AO4: analyse and evaluate evidence, make reasoned judgements and present appropriate conclusions	15–25%
<b>TOTAL</b>	<b>100%</b>

# Entering your students for assessment

## Student entry

Details of how to enter students for this qualification can be found in Edexcel's *International Information Manual*, copies of which are sent to all active Edexcel centres. The information can also be found on Edexcel's international website.

## Combinations of entry

There are no forbidden combinations.

## Access arrangements and special requirements

Edexcel's policy on access arrangements and special considerations for GCE, GCSE, International GCSE, and Entry Level qualifications aims to enhance access to the qualifications for students with disabilities and other difficulties without compromising the assessment of skills, knowledge, understanding or competence.

Please see the Edexcel website ([www.edexcel.org.uk/sfc](http://www.edexcel.org.uk/sfc)) for:

- the Joint Council for Qualifications (JCQ) policy *Access Arrangements and Special Considerations, Regulations and Guidance Relating to Students who are Eligible for Adjustments in Examinations*
- the forms to submit for requests for access arrangements and special considerations
- dates for submission of the forms.

Requests for access arrangements and special considerations must be addressed to:

Special Requirements  
Edexcel  
One90 High Holborn  
London WC1V 7BH



## Assessing your students

The first assessment opportunity for Paper 1 of this qualification will take place in the June 2011 series, and in each following June series, for the lifetime of the specification.

### Your student assessment opportunities

Paper	June 2011	June 2012	June 2013	June 2014
Paper 1: Business Studies	✓	✓	✓	✓

### Awarding and reporting

The grading, awarding and certification of this qualification will follow the processes outlined in the current GCSE/GCE Code of Practice for courses starting in September 2009, which is published by the Qualifications and Curriculum Authority (QCA). The International GCSE qualification will be graded and certificated on an eight-grade scale from A\* to G. Individual unit results will be reported.

Students whose level of achievement is below the minimum standard for Grade G will receive an unclassified U. Where unclassified is received it will not be recorded on the certificate.

The first certification opportunity for the Edexcel International GCSE in Business Studies will be 2011.

Students whose level of achievement is below the minimum judged by Edexcel to be of sufficient standard to be recorded on a certificate will receive an unclassified U result.

### Language of assessment

Assessment of this specification will be available in English only. Assessment materials will be published in English only and all work submitted for examination and moderation must be produced in English.

### Malpractice and plagiarism

For up-to-date advice on malpractice and plagiarism, please refer to the JCQ's *Suspected Malpractice in Examinations: Policies and Procedures* document on the JCQ website [www.jcq.org.uk](http://www.jcq.org.uk).

### Student recruitment

Edexcel's access policy concerning recruitment to our qualifications is that:

- they must be available to anyone who is capable of reaching the required standard
- they must be free from barriers that restrict access and progression
- equal opportunities exist for all students.

### Progression

This qualification supports progression to:

- Edexcel AS/Advanced GCE in Business Studies and AS/Advanced GCE in Economics and Business Studies
- Level 3 BTEC Nationals in Business.



## Grade descriptions

Grade descriptions are provided to give a general indication of the standards of achievement likely to have been shown by candidates awarded particular grades. The descriptions must be interpreted in relation to the specification content; they are not designed to define that content. The grade awarded will depend in practice upon the extent to which the candidate has met the assessment objectives overall. Shortcomings in some aspects of the assessment may be balanced by better performance in others.

### Grade A

Candidates will be able to:

- demonstrate in-depth knowledge and critical understanding of the full range of the specification content
- apply this knowledge and critical understanding to address problems and issues, using terms, concepts, theories and methods effectively
- select, organise, interpret and use information effectively to analyse problems and issues with a high degree of accuracy
- evaluate evidence, making reasoned judgements, and present conclusions accurately and appropriately.

### Grade C

Candidates will be able to:

- demonstrate knowledge and understanding of most aspects of the specification content
- apply this knowledge and understanding, using terms, concepts, theories and methods appropriately to address problems and issues
- select, organise, interpret and use information to analyse problems with some accuracy
- make reasoned judgements and present conclusions that are supported by evidence.

### Grade F

Candidates will be able to:

- demonstrate knowledge and understanding of some of the specification content
- apply this knowledge and understanding, using some terms, concepts, theories and methods to address problems and issues
- show some ability to select, organise, interpret and use simple information
- make judgements and present simple conclusions that are sometimes supported by evidence.

# Support and training

## Edexcel support services

Edexcel has a wide range of support services to help you implement this qualification successfully.

**ResultsPlus** — ResultsPlus is an application launched by Edexcel to help subject teachers, senior management teams, and students by providing detailed analysis of examination performance. Reports that compare performance between subjects, classes, your centre and similar centres can be generated in ‘one-click’. Skills maps that show performance according to the specification topic being tested are available for some subjects. For further information about which subjects will be analysed through ResultsPlus, and for information on how to access and use the service, please visit [www.edexcel.org.uk/resultsplus](http://www.edexcel.org.uk/resultsplus).

**Ask the Expert** — Ask the Expert is a new service, launched in 2007, that provides direct email access to senior subject specialists who will be able to answer any questions you might have about this or any other specification. All of our specialists are senior examiners, moderators or verifiers and they will answer your email personally. You can read a biography for all of them and learn more about this unique service on our website at [www.edexcel.org.uk/asktheexpert](http://www.edexcel.org.uk/asktheexpert).

**Ask Edexcel** — Ask Edexcel is Edexcel’s online question and answer service. You can access it at [www.edexcel.org.uk/ask](http://www.edexcel.org.uk/ask) or by going to the main website and selecting the Ask Edexcel menu item on the left.

The service allows you to search through a database of thousands of questions and answers on everything Edexcel offers. If you don’t find an answer to your question, you can choose to submit it straight to us. One of our customer services team will log your query, find an answer and send it to you. They’ll also consider adding it to the database if appropriate. This way the volume of helpful information that can be accessed via the service is growing all the time.

**Examzone** — The Examzone site is aimed at students sitting external examinations and gives information on revision, advice from examiners and guidance on results, including re-marking, re-sitting and progression opportunities. Further services for students — many of which will also be of interest to parents — will be available in the near future. Links to this site can be found on the main homepage at [www.examzone.co.uk](http://www.examzone.co.uk).

## Training

A programme of professional development and training courses, covering various aspects of the specification and examination, will be arranged by Edexcel. Full details can be obtained from our website: [www.edexcel.org.uk](http://www.edexcel.org.uk).

## Textbooks and resources

Please note that while resources are checked at the time of publication, materials may be withdrawn from circulation and website locations may change at any time.

### Textbooks

Alpin S, Cooper J, O'Hara G and Petrucke F – *GCSE Business Studies for Edexcel* (Hodder and Stoughton, 2004) ISBN 0340816462

Borrington K and Stimpson P – *International GCSE Study Guide for Business Studies* (Hodder and Stoughton, 2005) ISBN 0719579011

Chambers I, Squires S and Hall L – *Longman Business Studies for International GCSE* (Longman, 2007) ISBN 1405802073

### Websites

[www.bbc.co.uk/schools/gcsebitesize/business](http://www.bbc.co.uk/schools/gcsebitesize/business)

[www.bized.co.uk](http://www.bized.co.uk)

[www.tutor2u.net](http://www.tutor2u.net)



# **International GCSE**

Business Studies (4BS0)

Sample Assessment Material

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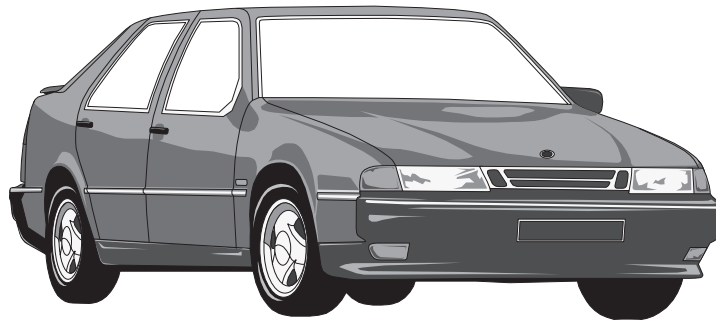
**Read this page, then answer the questions which follow.**

### **Context**

*Comet Cars plc (CC plc)* is a manufacturer of cars. The Head Office and one of its factories are located in the city of Bristol (UK). There are two other UK factories in Coventry and Wolverhampton.

There are many car manufacturers in Europe and the rest of the world. This means that *CC plc* has to survive and operate in a very competitive market. As a result, the directors of *CC plc* realise that the company must produce a range of quality cars in order to stay competitive with other manufacturers.

The directors realise how important it is to keep making and selling new cars that appeal to customers.



**Answer ALL questions.**

**SECTION A**

**For each of the questions (i) – (v), choose an answer A, B, C, D and put a cross in the box (☒). Mark only one answer for each question. If you change your mind, put a line through the box (☒) and then indicate your new answer with a cross (☒).**

1. (a) (i) Batch and flow are methods of

- A administration
- B finance
- C marketing
- D production

**(1)**

(ii) CAD is the abbreviation used in business for

- A Capital And Debentures
- B Cash And Delivery
- C Computer Aided Design
- D Credit Allowed Discount

**(1)**

(iii) *CC plc* will use stock control when

- A buying shares in other businesses
- B issuing items from factory stores
- C judging the amount of tax it owes
- D paying invoices owed to its suppliers

**(1)**

(iv) *CC plc* uses lean production methods. One advantage of this to *CC plc* is

- A costs fall leading to higher profits
- B costs fall leading to lower profits
- C costs rise leading to higher profits
- D costs rise leading to lower profits

**(1)**

(v) The efficiency of *CC plc*'s employees can be measured by their

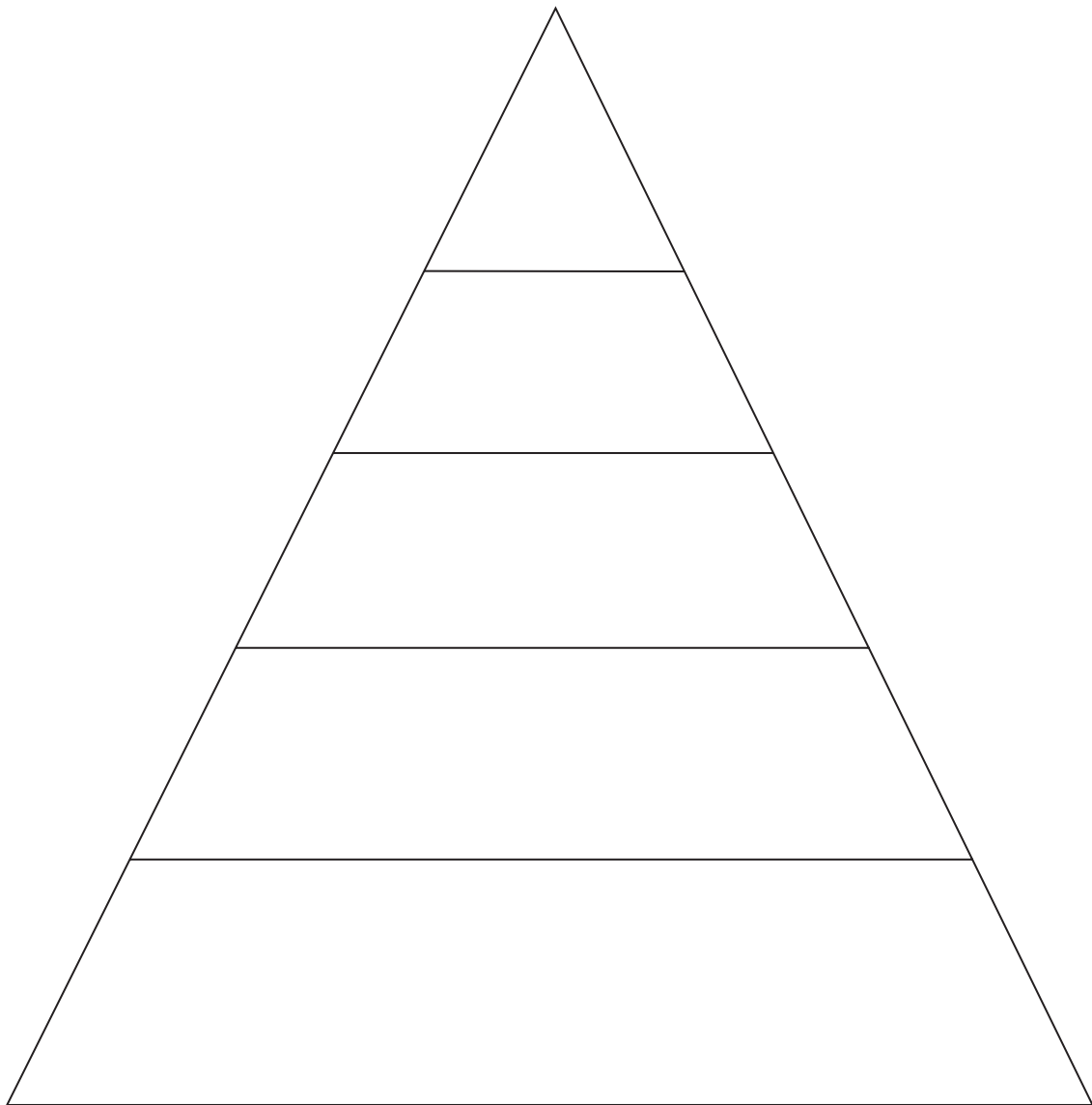
- A accountability
- B hierarchy
- C liability
- D productivity

**(1)**

- (b) The Human Resources (HR) director at *CC plc* is aware of Maslow's motivational theory. She wishes to complete a diagram of Maslow's hierarchy of needs.

Complete Maslow's hierarchy of needs using **only** the information below, by entering the appropriate letter in the diagram below.

- A Safety needs
- B Basic needs
- C Self-actualisation needs
- D Social needs
- E Esteem needs



(5)

(c) To help *CC plc* carry out its work, it has several different departments. These include:

- Finance
- Human Resources (Personnel)
- Production

For each department, give **one** example of its activity **and** explain how this helps *CC plc*.

(i) Finance department

Activity .....

Explantation .....

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

**(2)**

(ii) Human Resources (Personnel) department

Activity .....

Explantation .....

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

**(2)**

(iii) Production department

Activity .....

Explantation .....

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

**(2)**

(d) *CC plc* has a quality control system.

(i) What is meant by 'quality control'?

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

(2)

(ii) State **one** problem that *CC plc* will have if it makes poor quality cars.

How would this problem affect *CC plc*?

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.....  
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(2)

(Total 20 marks)

Q1

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2. *CC plc* is in the secondary sector of the UK economy.

(a) What is meant by 'secondary sector'?

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

(2)

(b) Complete the table below by stating **two** types of business in the **tertiary** sector that *CC plc* could trade with and **one** example of how *CC plc* will trade with it.

	Type of business	Example
1.		
2.		

(4)



(c) The directors of *CC plc* have set objectives for the company.

(i) State why it is important for a business, such as *CC plc*, to set business objectives.

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

(2)

(ii) Which objectives, from the list below, is *CC plc* **most likely** to set?

Indicate your answers by marking **two** boxes.

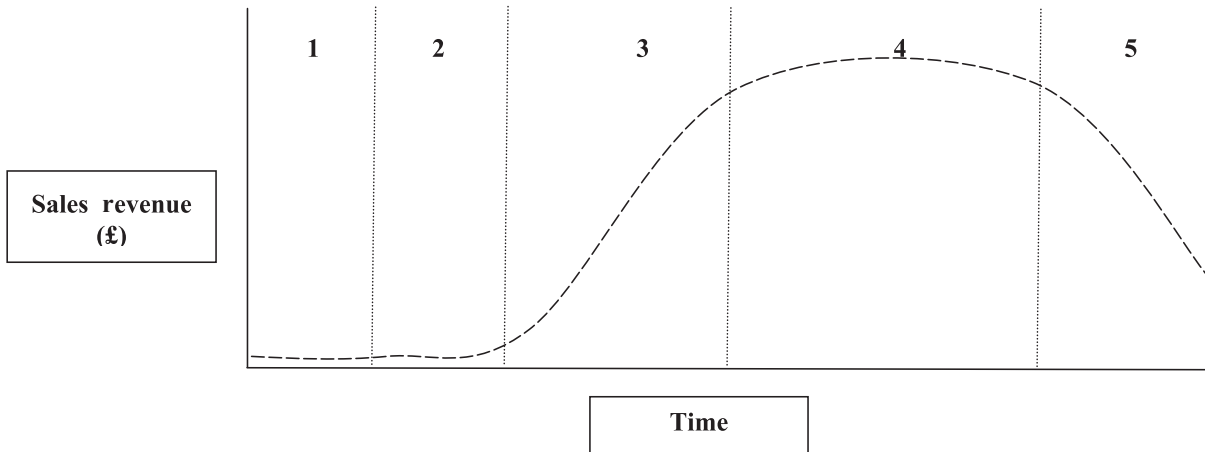
- A** To cut the costs of making each car.
- B** To sell cars at a financial loss.
- C** To make cars with fewer safety features.
- D** To pay higher rates of interest on money borrowed.
- E** To have an effective marketing strategy.
- F** To stop making spare parts for each car.

(2)

(d) Each type of car made by *CC plc* has a product life cycle. The product life cycle starts with its development stage. This is shown as number 1 on the chart below. The other stages of the product life cycle are numbered on the chart below.

Name each of the **four** stages of the product life cycle numbered 2, 3, 4 and 5.

**Product life cycle**



1 Development

2 .....

3 .....

4 .....

5 .....

**(4)**

(e) *CC plc* has just made a new car. The advertising for this new car is to be aimed at families with young children.

The Marketing department has a choice of media to use when advertising the new car. The two pairs of advertising media that can be used are:

- **Pair 1:** Cinema and television.
- **Pair 2:** Newspapers and posters.

(i) Select **one** of these pairs to advertise the new car.

.....

Discuss **two** reasons for advertising the new car using these media.

1 .....

.....

.....

2 .....

.....

.....

**(4)**

(ii) Discuss **one** reason for **not** using the other media.

.....

.....

.....

**(2)**

**Q2**

**(Total 20 marks)**

--	--

3. The directors have been given a summary of the most recent balance sheet for *CC plc*. This summary is shown below.

**Balance sheet for *CC plc* at 5 April 2007**

	£million	£million
Fixed assets		400
Current assets	150	
Current liabilities	<u>90</u>	
Working capital		<u>60</u>
		460
Bank loan		<u>40</u>
		<u>420</u>
Share capital		300
Undistributed profit		<u>120</u>
		<u>420</u>

- (a) (i) How much money has *CC plc* reinvested in the company, rather than paid to its shareholders?

.....  
**(1)**

- (ii) Give **two** examples of assets that *CC plc* is likely to have.

1 .....

.....

2 .....

.....  
**(2)**

(b) *CC plc*'s balance sheet contains both share capital and a bank loan.

Describe **two** differences between share capital and a bank loan.

1 .....

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2 .....

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**(4)**

(c) How can *CC plc*'s directors use the information in this balance sheet for decision making?

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**(3)**



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**SECTION B**

4. The directors of *CC plc* want to introduce a new range of cars. These cars will be at the luxury end of the market and will be competing with expensive cars manufactured by other companies.



The directors of *CC plc* plan to invest in new machines to make the new range of cars. They hope this will lead to economies of scale. The new machines will make *CC plc* more capital-intensive.

- (a) (i) Discuss **one** likely benefit to *CC plc*, **other than** economies of scale, from becoming more capital-intensive.

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**(3)**

- (ii) Analyse **one** likely problem that becoming more capital-intensive will cause for *CC plc*.

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**(3)**



(iii) Discuss how investing in new machinery is likely to affect **two** economies of scale for *CC plc*.

1 .....

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2 .....

.....

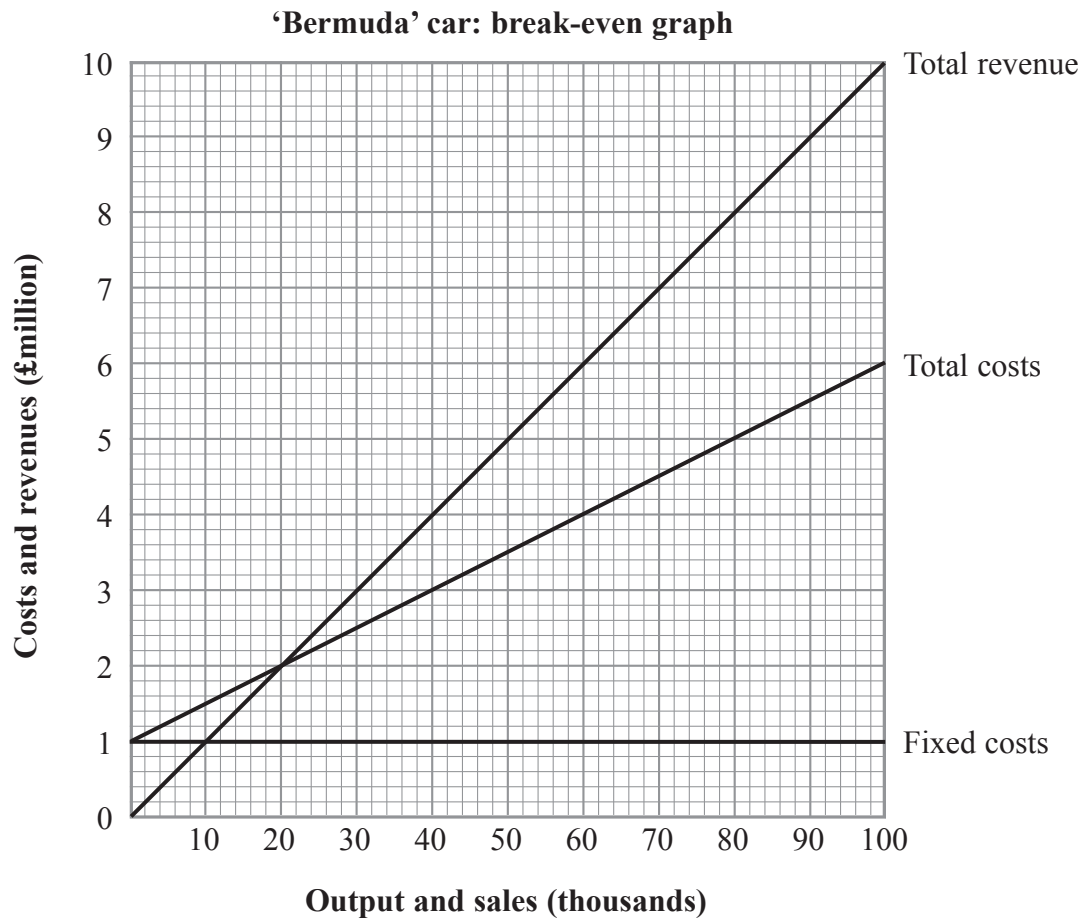
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**(6)**

(b) *CC plc* has produced the following break-even graph for one of the new cars in the range – the ‘Bermuda’.





5. Employees in *CC plc*'s Marketing department at Head Office will need to decide on a suitable pricing strategy for the new luxury car range. They can select from the following strategies:

- cost plus
- penetration

Select **one** of these pricing strategies.

.....

(a) Analyse which of these pricing strategies *CC plc* should use for the new luxury car range.

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**(5)**

(b) One director wants to promote the new luxury range using persuasive advertising methods. Another director would prefer to use informative advertising to promote the new range.

(i) Define the term 'persuasive marketing'

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**(1)**

(ii) Discuss how persuasive **and** informative advertising can both be suitable methods to use in this situation.

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**(4)**



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