



# Eduqas

# GCSE

# Business Revision booklet

Name: .....

Group:.....

# My Question Paper


1.

- Which **three** of the following services are usually provided by the public sector rather than the private sector in the UK? [3]



*N.B. Tick (✓) three boxes only.*

Healthcare 	1	Mobile Phone Contract 	2
Internet Provider 	3	Education 	4
Armed Forces 	5	Newspaper & Magazine Publishing 	6

2.



Unilever plc is one of the world's most successful companies with factories and offices located in many countries across the world. It provides a variety of branded products from home and personal care goods, such as Persil and Surf washing powder, to foods such as Ben & Jerry's ice cream.

*Adapted from Unilever website 2015*

- (a) Explain what is meant by the term branded products.

[2]

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3.

Which **two** of the following are methods of sales promotion?

[2]

*N.B. Tick (✓) **two** boxes only.*

Advertising on Social Media 	1	TV Commercial 	2
Buy One Get One Free 	3	Free Gift 	4

4.

Below are a number of terms and concepts used in business.

PROFIT & LOSS  
ACCOUNT

TRADE UNION

JOB  
PRODUCTION

CASHFLOW  
FORECAST

SOLE TRADER

FLOW  
PRODUCTION

MARKETING  
DEPARTMENT

PARTNERSHIP

Which of the above best describes **each** of the following:

[1]

- (a) an organisation which looks after the welfare of its members in the workplace

5.

The economic environment is always changing and this can impact on business activity. Explain what effect **each** of the following might have on businesses:

(i) An increase in the rate of inflation [2]

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(ii) A fall in interest rates [2]

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**6.**

According to Government statistics, small businesses represent 95% of all businesses and employ more than seven million people in the UK.

One example of a small business is ARK Windows. This is a business owned by Adam Robert Keysmith who is a sole trader and employs 30 people from the local community.

The business manufactures double glazing windows in a small factory. It also sells and installs them across South Wales.

The owner of ARK Windows is considering expanding throughout the South West of England, which will involve buying new premises for a factory and new machinery to produce the windows.

- (e) Evaluate the most suitable sources of finance ARK Windows could use to raise the finance needed for the expansion plans. [10 QWC]

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

7.

PrettyinPink Ltd has been established for 5 years. The main shareholder and Managing Director, Mrs Emma Thomas, started the business from home, designing and making fashionable clothing for close friends and family.

Since then, she has opened shops in several town centres, employing more than 20 people in total.

Emma is interested in expanding the business even further. Due to the success of online clothes retailers such as ASOS, she is seriously considering setting up a website and selling her clothing range on the internet.

- (d) PrettyinPink Ltd is aware of the legal responsibilities it has to its workers. Suggest and explain **one** legal responsibility PrettyinPink Ltd has to its workers. [2]

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**8.**

PrettyinPink Ltd has been established for 5 years. The main shareholder and Managing Director, Mrs Emma Thomas, started the business from home, designing and making fashionable clothing for close friends and family.

Since then, she has opened shops in several town centres, employing more than 20 people in total.

Emma is interested in expanding the business even further. Due to the success of online clothes retailers such as ASOS, she is seriously considering setting up a website and selling her clothing range on the internet.

- (e) Discuss whether or not selling on the internet would be a good idea for a business such as PrettyinPink Ltd. [8]

This image shows a full page of a handwriting practice worksheet. It consists of multiple sets of three horizontal dashed lines spaced evenly down the page, providing a guide for letter height and placement. The background is plain white, and there are no other markings or text present.



9.

Home Retail Group plc is the UK's leading retailer of products for the home. This plc owns well known retailers such as Argos and Homebase.

Today, Home Retail Group plc has 1057 stores across the UK. It employs over 47,000 people and sells over 80,000 different products, including electrical goods, home furniture and children's toys.

Throughout its Argos and Homebase stores, the Home Retail Group plc provides a wide range of different products to its customers. For example, Argos sells toys, smart televisions, DVD players, vacuum cleaners and furniture.

(d) Why do businesses such as Argos sell a wide range of products? Give reasons for your answers. [4]

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**10.**

Home Retail Group plc is the UK's leading retailer of products for the home. This plc owns well known retailers such as Argos and Homebase.

Today, Home Retail Group plc has 1057 stores across the UK. It employs over 47,000 people and sells over 80,000 different products, including electrical goods, home furniture and children's toys.

In 2014, due to a fall in demand for 'Do it yourself' (DIY) products, Home Retail Group decided to close one in four of its Homebase DIY stores, resulting in the closure of 30 stores.

(e) Assess the impact of the closure of Homebase DIY stores on their local communities. [8]

[illegible]

11.

According to Government statistics, small businesses represent 95% of all businesses and employ more than seven million people in the UK.

One example of a small business is ARK Windows. This is a business owned by Adam Robert Keysmith who is a sole trader and employs 30 people from the local community.

The business manufactures double glazing windows in a small factory. It also sells and installs them across South Wales.

ARK Windows has an excellent reputation for producing high quality windows as well as providing outstanding customer service.

(d) Explain **two** ways in which ARK Windows can ensure that it provides high quality goods and service. [4]

(i) .....

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(ii) .....

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**12.**



Unilever plc is one of the world's most successful companies with factories and offices located in many countries across the world. It provides a variety of branded products from home and personal care goods, such as Persil and Surf washing powder, to foods such as Ben & Jerry's ice cream.



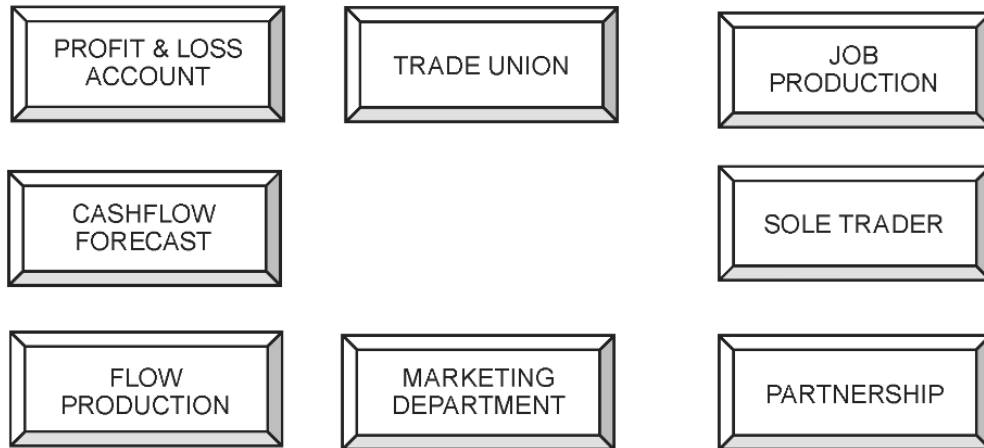
Adapted from Unilever website 2015

- (e) Unilever plc is a multinational business operating in many countries all over the world. Discuss the advantages and disadvantages of being a multinational business. [10 QWC]

[illegible]

13.

Below are a number of terms and concepts used in business.



Which of the above best describes **each** of the following:

[1]

(b) a business that is owned by between 2 and 20 people

.....

14.

According to Government statistics, small businesses represent 95% of all businesses and employ more than seven million people in the UK.

One example of a small business is ARK Windows. This is a business owned by Adam Robert Keysmith who is a sole trader and employs 30 people from the local community.

The business manufactures double glazing windows in a small factory. It also sells and installs them across South Wales.

(c) Explain why operating as a sole trader may benefit the owner of ARK Windows.

[2]

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15.

The table below shows the estimated number of people who will apply to join a social media website aimed at cyclists.

Study the table and answer the questions which follow.

Gender	Age	Number of people
Males	20 and under	200 000
	21 to 40	400 000
	41 to 64	100 000
	65 and over	50 000
Females	20 and under	200 000
	21 to 40	300 000
	41 to 64	100 000
	65 and over	50 000

(a) According to the table, which market segment is most likely to join the website? [1]

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(b) Apart from gender and age, how might the providers of the cycling website segment the market? [2]

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16.

Judith Rutherford has just been made redundant from a local business producing window blinds. She had learned many skills both in the factory and in the office. In her locality there are fairly high levels of unemployment so her chances of finding another job are limited. Judith has decided to set up her own business, as a sole trader, producing and selling curtains and blinds.

Judith could be described as an entrepreneur.

(a) Outline what is meant by the term 'entrepreneur'. [4]

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17.

Read the newspaper article below and answer the questions which follow.

## Packaging Firm Has It All Wrapped Up

Titewrap Ltd has been producing packaging material for the food industry for more than twenty years.

Orders from a major supermarket have meant that Titewrap Ltd plan to expand their factory. They also intend to develop new production methods and to reorganise various departments within the business.

The Managing Director of Titewrap Ltd, Mrs Sheila Adams says "The company wants to take advantage of the orders to fully develop and re-organise the business from management level to the factory floor. Consultation with the workers is all important to ensure that we take full advantage of the expansion".

(b) What is the importance to Titewrap Ltd of having an organisation chart? [2]

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**18.**

Pizazz is a new business in the fast food industry. It has been in business for almost one year. Pizazz has one outlet selling a variety of products from burgers to pizzas.

- (d) Assess the likely impact on the local community and its environment of having fast food outlets in the town centre. [10 QWC]

[illegible]



19.

Judith Rutherford has just been made redundant from a local business producing window blinds. She had learned many skills both in the factory and in the office. In her locality there are fairly high levels of unemployment so her chances of finding another job are limited. Judith has decided to set up her own business, as a sole trader, producing and selling curtains and blinds.

Judith has to deal with a number of stakeholders in her business.

- (b) Suggest two stakeholders Judith might have. How would Judith's business be affected by each stakeholder? [4]

Stakeholder 1 .....

Effect on business .....

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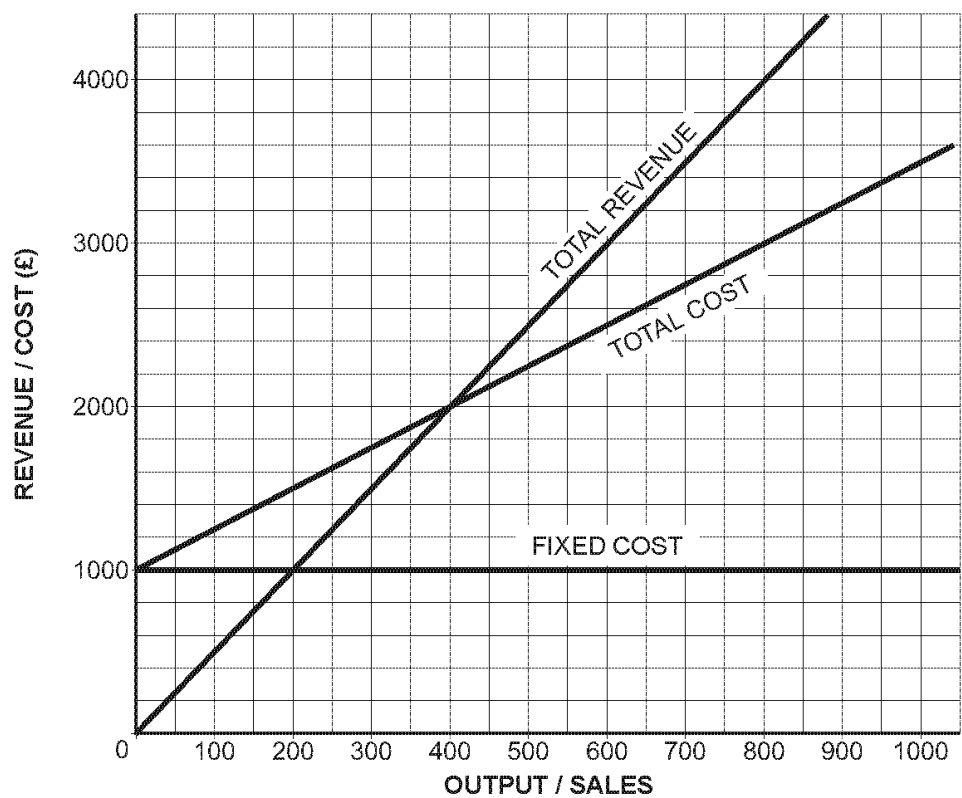
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Stakeholder 2 .....

Effect on business .....

20.

Below is a break even chart for Breakstone Ltd. Study the chart to answer the questions which follow.



(a) How many goods must Breakstone Ltd sell to break even? [1]

(b) What is the amount of money Breakstone Ltd has taken in when it breaks even? [1]

(c) How much profit will Breakstone Ltd make if it sells 800 goods? [2]

21.

Read the newspaper article below and answer the questions which follow.

### Packaging Firm Has It All Wrapped Up

Titewrap Ltd has been producing packaging material for the food industry for more than twenty years. Orders from a major supermarket have meant that Titewrap Ltd plan to expand their factory. They also intend to develop new production methods and to reorganise various departments within the business.

The Managing Director of Titewrap Ltd, Mrs Sheila Adams says "The company wants to take advantage of the orders to fully develop and re-organise the business from management level to the factory floor. Consultation with the workers is all important to ensure that we take full advantage of the expansion".

With the growth in the business, Titewrap Ltd needs to re-organise its Accounts (Finance) Department.

(c) State two functions of the Accounts (Finance) Department. [2]

- (i)
- (ii)

Read the newspaper article below and answer the questions which follow.

### Packaging Firm Has It All Wrapped Up

Titewrap Ltd has been producing packaging material for the food industry for more than twenty years. Orders from a major supermarket have meant that Titewrap Ltd plan to expand their factory. They also intend to develop new production methods and to reorganise various departments within the business.

The Managing Director of Titewrap Ltd, Mrs Sheila Adams says "The company wants to take advantage of the orders to fully develop and re-organise the business from management level to the factory floor. Consultation with the workers is all important to ensure that we take full advantage of the expansion".

The expanded factory will require workers who will need to be trained.

(d) Why is training important to businesses such as Titewrap Ltd? [2]

(e) Explain what is meant by each of the following terms.

(i) Induction training [2]

(ii) On the job training [2]

# Marking Scheme

1.

	Which <u>three</u> of the following services are usually provided by the public sector rather than the private sector in the UK?  Healthcare Education Armed Forces	3	AO1 3
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2.

(a)	<p><b>Explain what is meant by the term branded products.</b></p> <p>Definition [1] Products that have a well-known name / logo / trade mark / image / marque / identity etc.</p> <p>Development [1] They are trusted by consumers Products usually have a high price / premium price Products are unique / differentiated / stand out / recognised Customers are loyal to the brand – and repeat purchase etc.</p>	2	AO1 1 AO2 1
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3.

	<p>Which <u>two</u> of the following are methods of sales promotion?</p> <p>Buy one get one free Free gift</p>	2	AO1 2
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4.

	<p><b>Below are a number of terms and concepts used in business.</b></p> <p><b>Which of the above best describes each of the following:</b></p> <p><b>(a) an organisation which looks after the welfare of its members in the workplace;</b></p> <p>TRADE UNION</p>	1	AO1 4
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5.

	<p><b>The economic environment is always changing and this can impact on business activity. Explain what effect each of the following might have on businesses:</b></p> <p>Valid suggestion [1] &amp; Effect [1] for each question</p> <p><b>(i) An increase in the rate of inflation;</b></p> <p>Raw materials/stock/components will cost more – increasing business costs          Business may make less profit – increased costs          Customers may have to pay higher prices – may lead to lower sales for business /customers may have to choose between goods due to lower standard of living          Workers may seek pay rises – increased costs          A fall in real income          etc.</p> <p><b>(ii) A fall in interest rates;</b></p> <p>Lower costs - businesses may use extra money on range of alternatives - e.g. machinery / paying off debts etc.          Pay back less on borrowed money - may lead to increased profit          Customers may have more disposable income / money to spend – increased sales opportunities for businesses          Business may seek loans/borrow money-for e.g. expansion/investment          Business receive less return - on investments/savings          etc.</p>	4	AO3 4
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6.

(e)	<p><b>Evaluate the most suitable sources of finance ARK Windows could use to raise the finance needed for the expansion plans.</b></p> <p><b>Level 1</b> Suggests relevant methods of raising finance with no/limited explanation.</p> <p>Information is poorly organised. There is limited use of specialist terminology/vocabulary and frequent errors in spelling, punctuation and grammar.</p> <p><b>Level 2</b> Shows how the suggestions will help raise finance or provides advantages or disadvantages of suggestions.</p> <p>Information is well organised and ideas are expressed in a logical manner. There is good use of specialist terms/vocabulary with some errors in spelling, punctuation and grammar, but these are not intrusive.</p> <p><b>Level 3</b> Considers at least 2 suggestions showing how each will help raise the finance needed and providing full evaluation for at least 2.</p> <p>Information is very well organised and the form and style of communication is highly appropriate. There is very good use of specialist terms/vocabulary with few, if any, errors in spelling, punctuation and grammar.</p> <p>Max 4 for one suggestion evaluated very well.</p> <p>Answers could include:</p> <p>Plough back profits/savings/reserves: this is not an inexpensive source of finance but requires no interest or repayments. However, ARK Windows may not have the required amount as the expansion plans are likely to require a considerable sum of money.</p> <p>Bank loan/Mortgage: Very difficult to obtain for small businesses but if successful the money becomes immediately available. Spread payments / instalments. However, interest has to be paid on the loan and some form of collateral may be required to secure the loan. Bank may take an active interest in the business once the loan is given.</p> <p>Loans/finance from family or friends: Money will be available immediately and may not incur interest. However, limited funds may be available and if loan is not repaid could damage friendships / cause family issues.</p> <p>Government assistance: Usually given to small businesses in regions where unemployment is high. Often they are grants which do not have to be repaid. However, they tend to be small amounts that last only for a relatively short period of time. They are also few and far between. Restrictions/criteria</p> <p>Change ownership (Partnership/Ltd): This will raise money quite quickly and without interest payments. However, the owner will lose some control and the profits will be distributed between partners/through dividends to shareholders.</p>	<p>10</p> <p>1-3</p> <p>4-6</p> <p>7-10</p>	<p>AO1 3 AO2 3 AO3 4</p>
	<p>Venture capital: Possibly large sums of money can be attained quickly and advice may also be given. However, likely to lose full control of the business.</p> <p>Sale of assets: If the assets are no longer required this could raise large sums of money. However, all assets are likely to be essential to the business.</p> <p>Sales and lease back: Possibility of raising large sums of money whilst still having the use of the essential assets. However, rental payments will be required which could negatively affect cashflow.</p>		

	<p>Hire purchase: Useful for purchasing plant and machinery which can be obtained quickly. Finance houses may also be less selective than banks.</p> <p>However, interest rates are usually very high and the property is not owned by the business until the last payment has been made. Items can be legally repossessed if the business falls behind with repayments.</p> <p>(allow) Leasing / renting: The business acquires the use of resources without the need for a large sum of money. The maintenance and repair bills are met by the leasing company and they are generally easier to obtain than loans. Equipment can be updated regularly.</p> <p>However, over a long period of time it can be a very expensive and well in excess of the purchase price. The business never gets to own the items leased.</p> <p>etc.</p> <p>(Not overdraft, trade credit and <b>not</b> becoming a Public Limited Company.)</p>		
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7.

(d)	<p><b>PrettyinPink Ltd is aware of the legal responsibilities it has to its workers. Suggest and explain <u>one</u> legal responsibility PrettyinPink Ltd have to their workers.</b></p> <p>Suggestion [1] Explanation/development [1]</p> <p>Must ensure work environment is safe - otherwise workers may get hurt /they may sue for damages Health and Safety laws - make it an offence / to allow workers to work in dangerous conditions Liability laws - example Contract of employment - conditions of work / job description - time based - example Unfair dismissal - rules which must be followed before anyone can be dismissed Equality laws - on gender / age / race / disability / covering recruitment / pay / promotion / treatment of workers Minimum Wage – based on age – example Etc. for any appropriate employer/employee legislation</p>	2	AO2 2
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8.

(e)	<p><b>Discuss whether or not selling on the internet would be a good idea for a retailer such as PrettyinPink Ltd.</b></p> <p><b>Level 1</b> Advantage(s) and / or disadvantage(s) stated with no explanation.</p> <p><b>Level 2</b> Advantage(s) and / or disadvantage(s) discussed.</p> <p><b>Level 3</b> At least 1/2 advantages and 2/1 disadvantages discussed.</p> <p>Conclusion required for full marks.</p> <p>Advantages might include:-</p> <p>Wider market - so PrettyinPink Ltd will be able to attract more customers – 24/7 – geographical benefits – more sales Expansion/growth possible - without having to locate/fund new sites Internet advertising - might encourage customers to the shops Possible lower costs - of labour - fitting/running shops Keep up with competitors – example Convenience - who cannot travel to the shop – shop outside business hours etc.</p> <p>Disadvantages might include:-</p> <p>Effects on current business - with time - efforts spent with website Reputation may be diminished – website crashes / problems with delivery Costs of setting up website - particularly if professional designer employed More storage space may be needed - so higher warehouse costs Some higher costs – maintenance / special packaging / delivery / returns Possible fraud - related to payments Customer resistance - from people who would want to see the goods before buying (Social aspect) Competition etc.</p>	<p><b>8</b></p> <p><b>1-2</b></p> <p><b>3-5</b></p> <p><b>6-8</b></p>	<p><b>AO1 2</b> <b>AO2 3</b> <b>AO3 3</b></p>
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9.

(d)	<p><b>Why do businesses such as Argos sell a wide range of products? Give reasons for your answers.</b></p> <p>Suggestion(s) (1-2) Reasons / development (1-3)</p> <p>Answers might include:-</p> <p>Spreading risk – selling more goods will compensate for the products that underperform and reduces risk of failure Attract more custom – target more customers with variety of products – meet needs and wants of different types of customers - example – increased market share Competitor advantage/keep up with competitors Greater revenue – more customers results in increased sales Greater profit – greater sales could lead to more profit – reduction in costs – economies of scale due to bulk buying etc.</p>	<b>4</b>	<b>AO3 4</b>
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10.

(e)	<p><b>Assess the impact of the closure of Homebase DIY stores on their local communities.</b></p> <p><b>Level 1</b> Positive(s) and / or negative(s) stated with no explanations</p> <p><b>Level 2</b> Positive(s) and / or negative(s) stated and explained</p> <p><b>Level 3</b> At least 1/2 positive effects and 2/1 negative well explained OR 2/1 positive effects and 1/2 negative well explained.</p> <p>Max of 3 for one positive or one negative well explained</p> <p>Positive effects might include:-</p> <p>Environmental benefits - less traffic – less noise and/or dirt Other businesses may be attracted to area – increase customer choice Benefits to other businesses e.g. bigger pool of labour – less competition - smaller/independent DIY stores may gain customers - increased sales - smaller/independent DIY stores may expand</p> <p>Negative effects might include:-</p> <p>Jobs losses – less to spend on existing businesses – other businesses may have to close Less footfall – less customers for existing businesses Local businesses may have to find supplies from different business e.g. builders – increased costs / travel further Government will lose out on income – taxation – less money to spend on public services – example Multiplier effect Local people (customers) travel further to DIY store – increased costs Less competition/ choice – increased prices Visual appearance etc.</p>	<p><b>8</b></p> <p><b>1-2</b></p> <p><b>3-5</b></p> <p><b>6-8</b></p>	<p>AO1 2 AO2 3 AO3 3</p>
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11.

(d)	<p><b>Explain <u>two</u> ways in which ARK Windows can ensure that it provides high quality goods and service.</b></p> <p>Suggestion [2x1] Explanation / development / expansion [2x1]</p> <p>Answers could include:-</p> <p>Well-designed products – use of CAD/skilled designers Quality of workers – qualifications – training – skills – experience Motivation – financial/non-financial explained – job production High quality materials – to ensure products less likely to break Investment in up to date machinery – CAM/CAD – ensure products more accurately made Quality control – e.g. supervision/inspectors/checking Dealing with complaints/Listening to customers - to give confidence - customer feedback Belonging to professional organization/Quality standards – to give confidence Quality assurance – TQM – quality circles – kaizen (<i>Award points (not in specification) if given</i>) etc.</p>	<p><b>4</b></p>	<p>AO1 2 A02 2</p>
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12.

(e)	<p><b>Unilever plc is a multinational business operating in many countries all over the world. Discuss the advantages and disadvantages of being a multinational business.</b></p> <p><b>Level 1</b> Defines multinational and / or advantages and / or disadvantages stated with no explanation.</p> <p>Information is poorly organised. There is limited use of specialist terminology/vocabulary and frequent errors in spelling, punctuation and grammar.</p> <p><b>Level 2</b> Advantages and / or disadvantages are discussed and shows how the business will / will not benefit.</p> <p>Only one advantage or disadvantage = MAX 4 Only one advantage and disadvantage = MAX 6</p> <p>Information is well organised and ideas are expressed in a logical manner. There is good use of specialist terms/vocabulary with some errors in spelling, punctuation and grammar, but these are not intrusive.</p> <p><b>Level 3</b> Answer will be well balanced with at least 2 advantages and 2 disadvantages discussed.</p> <p>Information is very well organised and the form and style of communication is highly appropriate. There is very good use of specialist terms/vocabulary with few, if any, errors in spelling, punctuation and grammar.</p> <p>Advantages might include:-</p> <p>Well known around world - more customers in a wider market – greater profits – money to invest – encourages shareholders/investors Easier to compete on foreign markets - when based locally Economies of scale - one example Lower production costs - one example - so lower costs - greater profit Take advantage of exchange rate movements Tax advantages - grants - less capital from business Removal of Trade barriers -example etc.</p> <p>Disadvantages might include:-</p> <p>Size of business - difficult to manage - communication problems – Language barriers - increased costs Laws in other countries – any examples from legal systems - consumer rights / employee rights/ planning / environmental issues/ tax - Political systems - e.g. unrest Exchange rate movements may go against - profit / higher costs lower morale of home workers -jobs may be “exported” abroad — example of effects of demotivation Competition from domestic firms Set-up costs – premises/infrastructure/relevant examples Negative public image – seen as unethical. etc.</p>	<p>10</p> <p>1-3</p> <p>4-6</p> <p>7-10</p>	<p>AO1 3 AO2 3 AO3 4</p>
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13.

	<p>Below are a number of terms and concepts used in business.</p> <p>Which of the above best describes each of the following:</p> <p>(b) a business that is owned by between 2 and 20 people;</p> <p>PARTNERSHIP</p>	1	AO1 4
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14.

(c)	<p>Explain why operating as a sole trader may benefit the owner of ARK Windows.</p> <p>[2x1] [1x2]</p> <p>Reasons may include:</p> <p>no need to share profits – Can keep all profit / can choose how to use profit – example of how it may be used to benefit the business Making decision without consulting others - will be speedy - e.g. of decision Own boss - free to choose / any example Independence - can work at own pace etc.</p>	2	AO3 2
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15.

5	<p>(a) According to the table, which market segment is most likely to join the website?</p> <p>Male 21 – 40 [1]</p> <p>No other answer acceptable.</p>	1	AO3 1
5	<p>(b) Apart from gender and age, how might the providers of this cycling website segment their market?</p> <p>any other valid market segment – 2 valid [1x2]</p> <p>OR</p> <p>any segment explained -1 developed [2x1]</p> <p>answers might include:-</p> <p>Socio-economic - people in different jobs - with different lifestyles – related to affordability</p> <p>Location - where people live / residential areas - work</p> <p>Income/cost – how much can be afforded - cycling may be cheaper for travel to work</p> <p>Lifestyle - increase in leisure</p> <p>Time/purpose/use/interests/hobbies</p> <p>Ethnic and cultural - are some groups more likely to cycle than others?</p> <p>Skill/proficiency – based on ability/experience etc.</p> <p>No class or social class unless developed.</p>	2	AO2 1 AO3 1

16.

8	<p>(a) Outline what is meant by the term entrepreneur.</p> <p>Any points from the following: [4x1]</p> <p>4 points or 1 point plus development [1x4]</p> <p>They set up a business – have the idea – show the initiative</p> <p>They are the business owners – they invest / put money into the business</p> <p>They run the business – they are the managers – survival / success depends on their efforts</p> <p>They earn the profits / make money – to fund their lifestyle – to further invest</p> <p>They take the risks / face the uncertainties – of e.g. not selling / low demand</p> <p>Suffer the consequences of failure – particularly with unlimited liability</p> <p>Qualities / characteristics of entrepreneur – determined / organised etc.</p>	4	AO1 4
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17.

9	<p>(b) What is the importance to Titewrap Ltd of having an organisation chart?</p> <p>2 valid points [2x1]  1 point developed [1x2]</p> <p>It shows the internal structure of a business -  The hierarchy – who is in charge of the business – the chain of command– the subordinates – career paths identified- motivates the workers  The departmental structure  The span of control – the number of people an individual is responsible for  Improves efficiency – speeds communication  Who is responsible to whom – knows who to report to if there is a problem</p>	2	AO1 2
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11	<p>(d) Assess the likely impact on the local community and its environment of having such fast food outlets in the town centre.</p> <p>Level 1 Advantage(s) and / or disadvantage(s) to either the community or the environment suggested / listed.</p> <p>Information is poorly organised. There is limited use of specialist terminology / vocabulary and frequent errors in spelling, punctuation and grammar.</p> <p>Level 2 Advantage(s) and /or disadvantage(s) of fast food outlets to either the community or the environment explained.</p> <p>Information is well organised and ideas are expressed in a logical manner. There is good use of specialist terms/ vocabulary with some errors in spelling, punctuation and grammar, but these are not intrusive.</p> <p>Level 3 Advantages and disadvantages of fast food outlets to the community and the environment explained. To gain full marks answer must provide a reasoned assessment based on business arguments.</p> <p>Information is very well organised and the form and style of communication is highly appropriate. There is very good use of specialist terms/vocabulary with few, if any, errors in spelling, punctuation and grammar.</p>	<p>10</p> <p>1-3</p> <p>4-6</p> <p>7-10</p>	<p>AO1 3 AO2 3 AO3 4</p>
	<p>Advantages might include</p> <p>Increase in the number of people in area - might attract custom for other businesses – e.g. - will lead to greater income / profit for these – more investment in area More jobs in area - increased spending power for local residents Other businesses may be attracted - with positive effect on community Fast food outlets / other businesses will need to train workers – new skills for community Improvement in community appearance – better than having boarded-up businesses May increase house prices – people feeling better off – good for people moving out of area etc.</p> <p>Disadvantages might include</p> <p>Decrease in number of customers for competitive businesses - as customer are attracted towards fast food outlets Health issues – obesity – demand on health services Negative effect on infrastructure of area - e.g. congestion Social consequences – open at unsociable hours – may disturb residents Environmental effects - litter – increased cost of street cleaning / bins also bright displays outside businesses Similar businesses might be attracted – problems multiplied Other businesses may not be attracted – not wanting to be associated with fast food outlets Suitable jobs for locals may not be provided - low paid / unskilled / part-time / temporary May increase house prices – difficult / more expensive to “move upwards” / to move into area May decrease house prices - difficult to move etc.</p> <p>Some answers might suggest that there will be no effect –</p>		

	one type of business replaced by another etc.		
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19.

8	<p>(b) Suggest two stakeholders Judith might have. How would Judith's business be affected by each stakeholder?</p> <p>Any two stakeholders [2x1]</p> <p>Effects on business [2x1]</p> <p>Answers might include</p> <p>Customers –best quality / design / material from products bought – may not buy the product</p> <p>Workers – fair treatment / pay / conditions – may not be able to find employees – hard working - skilful</p> <p>The government etc. – payment of taxes / keeping to various laws may add to costs</p> <p>Pressure groups – ethical source of materials / treatment of workers / the environment – may effect way business is seen / costs / profits</p> <p>Local community – pollution / congestion – effect on demand</p> <p>Suppliers – prompt payment / ethical treatment – may not be willing to supply</p> <p>Lenders / investors – repayment of debts / interest – may call in debts – closure of business</p> <p>Owners – decision making effects on the business/examples</p> <p>Competitors – price wars</p> <p>Do not accept shareholders</p>	4	AO1 2 AO2 2
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20.

4	<p>(a) How many goods must Breakstone Ltd sell to break even?</p> <p>400 [1]</p> <p>(b) What is the amount of money Breakstone Ltd has taken in when it breaks even?</p> <p>(£)2000 [1]</p> <p>(c) How much profit will Breakstone Ltd make if it sells 800 goods?</p> <p>(£)4000 minus (£)3000 or TR - TC [1]</p> <p>= (£)1000 [1]</p>	4	AO3 4
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21.

9	<p>(c) State two functions of the Accounts or Finance Department.</p> <p>Any of the following functions mentioned [1 x2]</p> <p>Keeps financial records / accounts / “the books”            Draws up financial tables - profit and loss account/balance sheet / cash-flow/budgets            Deals with wages            Settles bills / pays creditors            Collects / chases up debt            Organises loans etc. – liaise with banks etc.</p> <p>Not break even.</p>	2	AO1 2
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9	<p>(d) Why is training important to businesses such as Titewrap?</p> <p>Reasons suggested [1x2]</p> <p>OR</p> <p>One reason explained / developed [2x1]</p> <p>Answers might include:-</p> <p>New workers need to become familiar with their environment – specific work methods / factory layout.</p> <p>Upgrading skills – new technologies need to be taught – improves productivity efficiency</p> <p>Retraining – old skills disappear / workers taught new jobs allows workers to do more than one job – can be moved between tasks / greater output</p> <p>Improves motivation – people feel valued attracts new workers- improved reputation</p> <p>Health and safety reasons – prevents accidents and injury</p>	2	AO2 2
9	<p>(e) Explain what is meant by each of the following terms.</p> <p>(i) Induction training</p> <p>Any of the following points [1 x2]</p> <p>Applies to newly appointed / recruited workers – need to familiarise with the work place –tasks/duties</p> <p>Structure of work – e.g. hours of work / holidays / hierarchy</p> <p>health and safety – e.g. alarms / drills / fire escapes / clothing</p> <p>Works environment – e.g. locations canteens / toilets etc.</p> <p>(ii) On the job training</p> <p>Any of the following points [1 x2]</p> <p>Usually on site – in the place where the worker is working</p> <p>Worker works alongside operative – using established worker experience</p> <p>Cheap to provide – no need to use outside sources</p> <p>Effective – trainee is supervised – trained in the ways of specific business</p> <p>Quick to organise – given as needed</p> <p>May pick up bad habits etc.</p> <p>The development must apply to the suggestion made.</p>	4	AO1 4

## Business topic checklist

		
<b><u>THE NATURE OF BUSINESS ACTIVITY</u></b>		
Why do businesses exist? What is the purpose of business?		
Reasons for starting a business		
Factors of production		
Basic functions and types of business		
The competitive business environment		
Different business scale		
The dynamic nature of business		
<b><u>BUSINESS ENTERPRISE</u></b>		
What is business enterprise		
The role of the entrepreneur in business activity and assisting business start-up		
The characteristics of an entrepreneur		
The motives of entrepreneurs		
The risks and rewards of business entrepreneurs		
<b><u>BUSINESS PLANNING</u></b>		
Recognise the importance of business planning		
The role of the business plan in business start-ups		
The main sections of a business plan		
<b><u>REVENUE, COSTS AND PROFIT</u></b>		
What is meant by revenue, costs and profit		
Calculate and interpret revenue, costs and profit		
<b><u>PROVIDING GOODS AND SERVICES</u></b>		
The provision of goods and services for consumers and producers		
Distinguish between the private and public sector		
<b><u>BUSINESS OWNERSHIP</u></b>		
The main features of unlimited liability business organisations including: <ul style="list-style-type: none"> <li>• Sole Traders</li> <li>• Partnerships</li> </ul>		
The main features of limited liability business organisations including: <ul style="list-style-type: none"> <li>• Private limited companies (Ltd)</li> <li>• Public limited companies (Plc),</li> </ul>		
The main features of co-operatives and charities		
The most appropriate business structure in different contexts and scenarios.		
<b><u>BUSINESS AIMS AND OBJECTIVES</u></b>		
The main types of aims		
The role of business objectives in helping a business achieve its aims, make decisions and to measure performance		
Use of SMART objectives in business		
How business aims and objectives differ for different business organisations and how they change in a competitive and dynamic business environment.		
<b><u>STAKEHOLDERS AND BUSINESS ACTIVITY</u></b>		
The range of stakeholders involved in business activity		
How stakeholders influence business activity and business decisions		
The impact of business aims and objectives on stakeholders		
How business decisions may have contradictory effects on stakeholders		
<b><u>BUSINESS LOCATION AND SITE</u></b>		
Factors influencing where a business locates		
The factors influencing the siting of a business		
Selecting the most appropriate location and site for different businesses in different contexts and scenarios		
<b><u>BUSINESS GROWTH</u></b>		

## Business topic checklist

The reasons why business grow		
The reasons why some business remain small		
Different methods of growth; <ul style="list-style-type: none"> <li>Internal (organic) growth</li> <li>External Growth</li> </ul>		
Franchising		
<b><u>THE IMPACT OF GLOBALISATION ON BUSINESSES</u></b>		
What is meant by international trade?		
The advantages and disadvantages of international trade to UK businesses		
<b><u>THE IMPACT OF GLOBALISATION ON BUSINESSES</u></b>		
What is meant by globalisation?		
The opportunities and threats to businesses and their stakeholders from operating in a global marketplace		
What is a multinational business?		
The impact of multinationals setting up in the UK		
What are the European Union and the European Single Market?		
The impact of membership of the European Union to businesses and their stakeholders		
<b><u>MARKETING</u></b>		
<u>What is marketing</u>		
<b><u>IDENTIFYING AND UNDERSTANDING CUSTOMERS</u></b>		
The importance to a business of identifying its customers		
How markets are segmented		
The reasons why businesses segment the market		
<b><u>MARKET RESEARCH</u></b>		
The importance of carrying out market research		
Distinguish between primary (field) and secondary (desk) research		
The methods of primary and secondary research		
The advantages and disadvantages of carrying out primary and/or secondary research for different businesses in different contexts and scenarios		
The need for accurate and up-to-date market research data		
Distinguish between qualitative and quantitative market research data		
<b><u>PRODUCT</u></b>		
A product is any good or service offered for sale to customers		
The use of the product life cycle diagram to show how demand for a product or service might change over time		
The stages of the product life cycle		
What is meant by an extension strategy		
The usefulness of the product life cycle in making business decisions		
<b><u>PRICING</u></b>		
The different pricing strategies used by businesses		
The use of different pricing strategies for different businesses in different contexts and scenarios		
<b><u>PROMOTION</u></b>		
The promotional methods used by businesses		
The media available to businesses when advertising their products and services		
How technology has impacted on the promotional activities of businesses		
The importance for a business of selecting the most appropriate promotional methods for different businesses in different contexts and scenarios		
<b><u>PLACE</u></b>		
The channels that are used to distribute the products to the customer		
The different channels of distribution channels use by businesses		
The role and increasing importance of e-commerce and m-commerce (online shopping)		
How businesses use multi-channel distribution		
The importance for a business of selecting the most appropriate		

## Business topic checklist

marketplace and distribution channel for its goods and services		
<b><u>MARKETING AND ETHICS / LEGISLATION</u></b>		
Impact of government legislation and business ethics on marketing decisions		
<b><u>SALES PROCESS</u></b>		
The various stages involved in the sales process		
How the sales process is adapted in different situations		
The relationship between sales and other functions in the business		
The importance of good customer service and meeting customer expectations		
The features of good customer service		
The situations when business interact with customers		
How customer service is carried out online		
<b><u>THE IMPACT OF LEGISLATION ON BUSINESSES</u></b>		
Consumer law and employment - protects consumers and employees in a number of ways such as product quality, fit for purpose, advertising and trade descriptions.		
<b><u>ORGANISATIONAL STRUCTURES</u></b>		
The evolving nature of working practices		
Recognise that businesses of all sizes need to organise their workforce		
The role of the main functions in a business		
The different job roles and responsibilities within a business and how they are interdependent		
The characteristics of different job roles		
The characteristics of horizontal (flat) structures and hierarchical (tall) structures		
The advantages and disadvantages of using different organisational structures		
The importance of effective communication in the workplace and the consequences of poor communication		
<b><u>RECRUITMENT</u></b>		
The recruitment process and how this will differ for different businesses in different contexts		
The different methods of recruitment used by businesses in different contexts		
The advantages and disadvantages of the different methods of recruitment		
The most appropriate recruitment process and methods for different businesses in different contexts and scenarios.		
Employment law protects employees in a number of ways such as contracts of employment, discrimination, equal pay and unfair dismissal		
<b><u>TRAINING</u></b>		
The benefits of effective training		
The situations when training is needed		
The different types of training: <ul style="list-style-type: none"> <li>• On-the-job</li> <li>• Off-the-job</li> </ul>		
The advantages and disadvantages of on-the-job and off-the-job training		
The most appropriate training for employees for different businesses in different contexts and scenarios		
<b><u>MOTIVATION</u></b>		
The benefit of a motivated workforce		
The methods which businesses use to motivate its workforce		
The most appropriate method a business can use to motivate employees in different contexts and scenarios		
<b><u>ORGANISATIONAL STRUCTURES</u></b>		
The role of trade unions in representing workers		
<b><u>METHODS OF PRODUCTION</u></b>		
The methods of production		
The advantages and disadvantages of each of the different methods of production for businesses and their stakeholders		
Suggest the most appropriate method of production in different contexts		
<b><u>QUALITY</u></b>		

## Business topic checklist

Customer expectations of quality		
How business achieves quality		
The importance of quality to a business		
<b><u>TECHNOLOGICAL INFLUENCE ON BUSINESS ACTIVITY</u></b>		
The use of computer technology in the workplace		
The use of computer aided design (CAD) and computer aided manufacture (CAM) in producing products		
<b><u>SUPPLY CHAIN</u></b>		
The various stages of the movement of goods and services from their source to the end customer: <ul style="list-style-type: none"> <li>• Procurement</li> <li>• Logistics</li> <li>• Stock Control</li> </ul>		
The relationship between functional areas of a business and its supply chain		
The impact of supply and logistical decisions on businesses and their stakeholders		
<b><u>SOURCES OF FINANCE</u></b>		
The main internal and external sources of finance to new and established businesses		
The advantages and disadvantages of different sources of finance		
The suitability of the different sources of finances in different contexts such as business starts up, cash flow and expansion		
<b><u>REVENUE AND COSTS</u></b>		
Reinforce what is meant by revenue, costs and profit		
Revisit calculations and interpretation of revenue, costs and profit		
Calculate break-even through contribution		
Construct and interpret a break-even chart		
The effects on break-even of changes in costs and/or prices		
Calculate and interpret the average (accounting) rate of return (ARR)		
<b><u>CASH FLOW</u></b>		
The importance of cash to a business		
What is meant by a cash flow forecast?		
Construct, calculate and interpret cash flow forecasts		
The impact of cash flow forecasts on a business and its stakeholders		
Recommend and justify what can be done to improve cash flow problems		
<b><u>PROFIT AND LOSS ACCOUNT (INCOME STATEMENT)</u></b>		
The main components of a profit and loss account		
Construct and calculate a profit and loss account		
Interpret a profit and loss account		
Recommend and justify how to improve profit / reduce costs		
<b><u>FINANCIAL PERFORMANCE</u></b>		
Use data on revenue, costs, profit, profit and loss accounts, cash-flow and ARR to analyse business performance and to make business decisions		
The interdependent nature of business		
How the different functions of business are connected and work together to achieve aims and objectives		
<b><u>ETHICAL INFLUENCES ON BUSINESS ACTIVITY</u></b>		
What is meant by business ethics		
The conflict between ethics and profits		
The type of ethical issues that impact on business activity		
The advantages and disadvantages of adopting ethical policies on business and their stakeholders		
<b><u>ENVIRONMENTAL INFLUENCES ON BUSINESS ACTIVITY</u></b>		
The possible environmental costs of business activity		
What is meant by sustainability?		
How business can respond to environmental issues and act in a sustainable manner		
The advantages and disadvantages of implementing environmentally friendly policies on business and its stakeholders		
<b><u>ECONOMIC INFLUENCES ON BUSINESS ACTIVITY</u></b>		

#### Business topic checklist

The economic factors that affect business activity		
The impact of these economic factors on businesses and their stakeholders		
Distinguish the difference between income tax, VAT and corporation tax		

## Glossary of key terms

Advertising media	are the various places where advertisements may be found such as television, newspapers or the internet.
(Business) Aim	is the long term objective of the business. Its aim might be to have the largest market share in its sector.
Average rate of return (ARR)	<p>is used in helping to decide whether an investment has been successful. It is measured by the formula.</p> $ARR = \frac{\text{Average Annual Return}}{\text{Initial Outlay}} \times 100$ <p>If the answer is greater than expected or greater than could have been earned elsewhere then the investment has been a success.</p>
Backward vertical integration	occurs when the suppliers of a business are taken over by that business.
Bank loans	are long to medium term loans that can be used to buy producer goods. The goods become the property of the business immediately but failure to repay the loan to the bank could lead to the business being closed down.
Batch production	is found when a small number of identical products are made at once. Batches can be made as often as required.
Blogs	provide information and allow discussion on the internet with other users producing their own entries or posts.
Break-even	occurs where the total amount of money taken in by a business is the same as the amount of money paid out. Neither a profit nor a loss is made where total revenue equals total cost.



Business angels	are wealthy individuals who invest their private capital into start- up businesses in return for a share in the business.
Business plan	helps in decision making by showing the aims and objectives of a business and the strategies and requirements needed to achieve these. It also provides information to banks and other possible providers of finance to persuade these to grant loans and other monies to the business.
Cash	is money held by the business or in its bank accounts.
Chain of command	is the path along which orders pass within a business from the management to the shop floor.
Commercial services	are services that provide mainly to businesses such as transport and warehousing but they may also be available to individuals such as insurance and banking.
Cash-flow forecast	cash-flow involves the difference between the inflow and outflow of cash in a business. In a cash-flow forecast businesses predict what they expect to happen to their cash- flow in the future.
Competitive environment	is where there are a number of businesses attempting to persuade consumers to buy their products. Such competition will be based on such factors as price, design and quality.
Competitive pricing	is a pricing strategy which involves the business offering goods for sale at a price at or below that set by competitors.
Consumer goods	are those which are produced for the final consumer.
Consumer panels	are recruited by research companies to represent the views of consumers in a particular sector. They will be asked to comment on such things as product design and taste or on the branding and advertising of products.
Consumers	are the final users of goods and services. They are at the end of the distribution channel.
Contribution	is the amount taken from the cost of selling every good used towards paying the fixed costs of producing that good. Contribution per good is selling price minus the variable cost of the good.

Co-operatives	are generally seen as democratic social enterprise businesses owned by the employees or, most commonly, their customers.
Cost	is the amount of money used to buy a good or service.
Cost plus pricing	is a pricing strategy which involves the business adding a sum of money (the profit per good) to the cost of producing goods to determine the selling price of the good or service.
Curriculum vitae (CV)	is written by a person looking for employment. It outlines that individuals personal details, qualifications, experience and interests in the hope that these impress a possible employer.
Customer service	involves the interaction between the business and the customer in which the business understands consumer needs before, during and after the sale of a good or service. Positive reactions to service can provide benefits for the businesses in relation to reputation and future sales.
Digital adverts	use internet technologies to provide a range of advertising including using e-mail, social media messages and banner advertisements on mobile phones and websites.
Direct taxes	are taxes on income and profit.
Distribution	involves materials being transported or moved to the producer or the final product being moved to the consumer.
Distribution channels	involve the routes which goods follow between the manufacturer and the consumer. The route may be direct between the two but the interaction of middlemen is more likely.
Diversification	allows a business to enter a different market in addition to the one they are already involved. This enables the business to spread its risks should the original business fail.
Durable goods	are consumer goods which are not used at once and do not have to be bought frequently because they last for a long time.
E-commerce	involves the buying and selling of goods and service via the internet.

Entrepreneur	is a person who sets up a business by taking on the financial risks in the hope of making a profit.
(Business) Ethics	involve a business doing what is morally right for its stakeholders.
Extension strategies	involve a number of methods businesses might use to prolong the life cycle of their products. These will be related to marketing mix strategies.
External growth	involves increasing the size of a business by acquisition. This can include mergers or takeovers.
Feedback	is the response by a customer following the purchase of a good or service. This will be used by the producer to improve what has been produced.
Fixed cost	always stays the same no matter how many goods are produced.
Flat (horizontal) structures	involve organisational charts where there are few or no levels of middle management between staff and executives.
Flexible hours	are a working practice in which workers are no longer in their offices between two set times. Many can now work a full day within a range of hours set by the employer.
Flow (mass) production	is a method of production where goods are produced continuously usually on a production line.
Focus groups	are consumers brought together by businesses to discuss their reactions to products before they are launched.
Footfall	is the number of people passing close to the business. These are potential customers of that business.
Forward vertical integration	occurs when a business takes over another business to control the direct distribution of a businesses' products.
Franchise	is the right given by one business to another to sell goods or services using its name. They should be seen as a method of growth for the franchisor and a business opportunity for the franchisee rather than a type of business organisation.

Franchisee	is a business which pays royalties for the right to sell goods or services using established processes and under the name of another business.
Franchisor	is a business which allows a franchisee to sell using their processes, experience and name in return for royalties.
Fringe benefits	are rewards to workers not shown in their traditional pay. Such benefits may include company cars or discount on company products.
Globalisation	involves the increased interdependency of people around the world as a result of increased trade and cultural exchange. It has led to an increased worldwide production of goods and services.
Gross profit	is the profit made before expenses have been paid. It is calculated by subtracting the cost of goods sold from the total revenue from selling those goods.
Gross profit margin	is the gross profit expressed as a percentage of sales. It is calculated using the formula  $\text{Gross profit margin} = \frac{\text{gross profit}}{\text{sales}} \times 100$
Hierarchical (tall) structures	involve organisational charts where there are many levels of hierarchy. In these organisations, there are usually many managers, and each manager has a small span of control.
Hire purchase	is a system of credit whereby the borrower pays a deposit to be able to use a good for a set period of time. During this time instalments are paid to cover the cost of the good plus interest. The good becomes the property of the buyer when the final payment is made. Non-payment means that the good can be taken back by the lender.
Home working	means that workers do not have to attend a workplace every day. Modern communication technology means that work can be carried out at home and can even be monitored from the workplace.
Horizontal integration	means the buying or merger of other businesses producing the same or similar products.

Indirect taxes	are taxes on spending such as VAT.
Induction training	is used when new workers are employed so that they become familiar with their new surroundings and the specific methods and policies of the particular business.
Intellectual property	is property which cannot be seen or touched but is the result of the creativity of an individual or group. Just as goods need to be protected from theft and damage so intellectual property is protected by patents and copyrights.
Internal economies of scale	are the benefits a business gains as a result of being large. All costs can be spread between the large number of goods produced so the cost per good is lower than for smaller businesses.
Internal (organic) growth	involves increasing the size of a business by increasing its sales, revenue, profits and work force.
Job description	is used in the recruitment process when employers outline what is involved in the work to be done by newly appointed workers. It may include job title, pay, hours to be worked, holidays etc.
Job production	involves the manufacture of an individual good from start to finish. Each product is different and offers a unique good for the consumer or meets specific consumer requirements.
Job sharing	means that instead of one worker doing one job on a full time basis, the work will be carried out by more than one person on part time basis. This is particularly important for workers with family responsibilities.
Just-in-time	requires businesses who adopt the idea to keep their stocks of finished goods and / or of materials to a minimum. Goods will only be produced when orders are received and / or materials are only received when they are needed. This process saves storage costs and avoids having assets tied up in stocks.
Leasing	is a system of renting an asset to a business. The asset remains the property of the business renting out the good.
Limited liability	means that the owners of a business are not responsible for the debts of a business. Personal belongings will not need to be given up to pay the debts of the business. The owners however will lose the money they invested in the business if it fails.

Location	is a geographical area where businesses may be found.
Logistics	involves the management of the movement of goods from where they are to where they are needed: often between the supplier and the manufacturer and the manufacturer and the consumer.
Loss leaders	are products put on sale, usually in supermarkets, at prices which make no profits and may even make losses in order to attract customers into the shop to buy other goods.
Manufacturer	is the maker of products. Also known as producer.
Marketing mix	is the combination of factors which help a business to sell its products. It is usually considered to involve the 4Ps of product, price, promotion and place.
Market research	is the way in which information and data is gathered about consumers, competitors and market trends.
Market segment	is a part of the market which contains a group of buyers who are similar. Markets can be segmented on the basis of characteristics such as age, gender, income, where they live, their cultural and ethnic backgrounds and so on.
Mass (flow) production	is a method of production where goods are produced continuously usually on a production line.
M-commerce	or mobile commerce involves buying goods and services through hand held mobile devices such as smartphones.
Multi-channel distribution	involves a business using more than one channel to distribute its goods perhaps through traditional shops and catalogues and online.
Multinational companies	are businesses with their headquarters in one country but which operate in other countries through their offices, factories and shops. A company which just sells goods abroad is not a multinational company.
Net profit	<p>is the final profit made by a business after all costs have been paid. It is calculated using the formula:</p> <p>Net profit = gross profit minus expenses</p>

Net profit margin	<p>is the net profit expressed as a percentage of sales. It is calculated using the formula:</p> $\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Sales}} \times 100$
Niche markets	are those involving a small and well-defined segment of the population. All marketing efforts for a particular product are aimed at that market.
Non-durable goods	are goods which are immediately consumed or which have a lifespan of less than three years.
(Business) Objective	is a short or medium term target of a business needed to reach its aim. An objective might be to increase sales by 20% in the next 5 years.
Off-the-job training	happens outside the workplace of the employee often in colleges.
On-the-job training	happens within the workplace of the employee.
Organic (internal) growth	involves increasing the size of a business by increasing its sales, revenue, profits and work force.
Overdrafts	are a form of short term loan provided by banks to cover cash-flow difficulties of businesses. The business is allowed to take more from its account than is in the account. When cash is paid into the account, the overdraft will be cleared.
Overtime pay	is paid to workers according to the number of hours worked above their contracted hours.
Partnerships	are businesses owned by between 2 and 20 who generally have unlimited liability.
Penetration pricing	is a pricing strategy which involves setting a low price for a new product to encourage sales. The price may be increased later with customer loyalty and growing market share.
Performance related pay	is an additional payment to workers who reach or exceed targets set in advance by the management.

Personal services	are those services provided for individuals. They include services for personal grooming, house maintenance, car repair etc.
Person specification	is used in the recruitment process for the employers to outline the type of person they would like to employ. It will outline skills, qualifications and experience required.
Piece rates	are paid to workers based on the number goods which are produced.
Place	in the context of the marketing mix, is where the product is available for the consumer to purchase. Place could include shops, markets, telephone sales, the internet and so on.
Pop-up adverts	these are a form of online marketing which place new browser windows on computer screens.
Price	is the amount of money a business wants to receive in order to sell a good or service or the amount of money the consumer is willing to pay to buy that product.
Price discrimination	is a pricing strategy which involves setting different prices to different market segments.
Primary research	involves collecting original information for a specific purpose: this is often called field research.
Private limited companies	are businesses which are owned by shareholders who have limited liability. Their shares are not available to others except with the agreement of other shareholders. They are generally recognised with Ltd after the business name.
Procurement	involves obtaining or buying of goods and services from an external source. These are to be used in the production process or are to be sold on.
Producer goods	are those which are produced for other businesses to be able to produce other goods and services.
Product	is the good or service provided by a business.
Product decline	is the point in the product life cycle where sales fall and may eventually cease.



Product differentiation	involves distinguishing a product or service from others. By making a product different or appearing to be different from similar products sold by rivals, a business will hope to attract more customers.
Product growth	is part of the early stage of the product life cycle when sales and profits are rising.
Product launch	is the point at which a product is put onto the market.
Product life cycle	is the stages a product passes from its earliest development until it is no longer available on the market.
Product maturity	is the point in the product life cycle where sales reach their peak.
Product portfolio	is the collection/range of all the goods and services offered by a business.
Product saturation	is the point in the product life cycle where the market is full as competitors introduce similar products.
Profit	is the difference between the total revenue of a business and the total costs of a business, when revenue is greater than cost. It is important in being precise in using this term: stating "money made" can be confusing.
Profit sharing	is an additional reward paid to workers to reflect the profits earned by the business.
Promotion	involves information and techniques used by businesses to make consumers aware of products and to persuade them to buy those products now and in the future.
Psychological pricing	is a pricing strategy which involves offering goods at prices below whole number such as £5.99 or £499, or using words such as "only". It is hoped that the consumer will believe that the product is much cheaper than if the price had been £6 or £500.
Public limited companies	are businesses which are owned by shareholders who have limited liability. Their shares are available to others by selling to the general public often at the Stock Exchange. They are generally recognised with Plc after the business name.

Qualitative data	is descriptive information found by experiences or in textbooks or newspapers or reports. It can include opinions and cannot be quantified by numbers.
Quality	involves meeting a standard for a good or service to meet consumer needs and expectations.
Quality assurance	is a guarantee given by producers to consumers that certain standards have been met throughout the production process. The quality is built in to the production process.
Quality control	involves inspecting a sample of goods produced at the end of the production process to ensure that specifications have been met. Goods which do not meet the standards are scrapped or are sold as seconds.
Quantitative data	deals with measurements and figures perhaps shown in tables and graphs. It includes numerical data that can be given values and is easier to interpret and evaluate compared to qualitative data.
Retailer	sells goods to consumers. Small retailers buy their stock from wholesalers but large-scale retailers buy directly from manufacturers.
Revenue	is the amount of money taken in by a business when selling a good or service.
Salaries	are generally paid to administrative and management workers. The salary is based on their work for the year.
Sales process	involves a series of steps taken from when the potential buyer meets the prospective seller until after the final sale is made.
Search engine advertising	is a form of online marketing which places advertisements on web pages showing the results from search engine queries.
Secondary research	involves using information which already exists: this is often called desk research.

Single market	involves countries joining together in trade as if they were one country, so there are no trade barriers such as customs duties when goods cross borders within the market. An example of a single market is the European Union.
Site	is a specific place within a geographical area.
(Price) Skimming	is a pricing strategy which involves selling a product at a high price in order to earn high initial profits. Prices are then reduced at a later stage.
SMART objectives	is an acronym used as a guide to setting business objectives. It stands for Specific Measurable Agreed Realistic Timed.
Social enterprises	are businesses which operate for the benefit of the community or its workers or as a charity.
Social media	involves websites and applications which allow users to create and share information, ideas and interests with other individuals, communities and networks.
Sole traders	are businesses owned by one person who has unlimited liability. Other people can be employed but there is only one owner.
Span of control	is the number of people an individual is personally responsible for in a business organisation.
Stakeholders	are individuals and organisations who are affected by the decisions and actions of a particular business.
Supply chain	is a complex system of businesses, people, activities, information and resources involved in moving a good or service from source to customer.
Sustainability	businesses acting in a responsible manner and to ensure that our environment and resources are available for future generations to enjoy.
Time rates	are paid to workers based on the number of hours worked.
Total cost	is the full amount of money spent by a business when producing the goods sold in a particular period. It is calculated by adding its fixed costs to its variable costs.

Total revenue	is the full amount of money taken in by a business when selling all its goods in a particular period. It is calculated by multiplying the selling price by the number of goods sold.
Trade credit	is a system of interest free short-term credit for the purchase of non-durable goods. These will need to be paid for usually within one month.
Turnover	is an alternative term for revenue.
Unique selling point (USP)	is what makes a product different from ones sold by competitors. It may involve the lowest price, the best quality or the first of its kind.
Unlimited liability	means that the owners of a business are responsible for all of the debts of a business. Personal belongings may need to be given up to pay the debts of the business.
Variable cost	is the cost which varies with the number of goods produced.
Venture capital	involves private investors providing capital to new or small businesses which have the potential for growth.
Vertical integration	involves the buying or merger of businesses at different stages of production so that the supply chain may be controlled by the business.
Wages	are generally paid to shop and factory floor workers based on time rates and / or piece rates.
Warehouse	is a place where resources or finished products are stored before they are sold.
Wholesaler	buys goods from the manufacturer and sells these goods in smaller quantities to retailers.
Workforce	are the people who are working or looking for employment.
Zero hours contracts	involve a situation where employers do not offer a minimum number of hours to be worked and employees do not have to accept work being offered. This is of particular value to businesses where the demand may vary from day to day, such as those involved in retailing or catering.

## Formulas

*Try and rewrite the formulas from memory*

Sales revenue (turnover or sales)	
Total costs	
Profit	
Gross profit GPM	
Net profit NPM	
Net cash	
Closing balance	
Contribution per unit	
Contribution (total)	
Break even	
Average rate of return (ARR)	
Market share	
% change	

### Formulas

Sales revenue (turnover or sales)	$\text{Selling price} \times \text{output (or units sold)}$
Total costs	$\text{Fixed costs} + \text{variable costs}$
Profit	$\text{Sales revenue} - \text{total costs}$
Gross profit	$\text{Sales} - \text{cost of sales}$
GPM	$\text{Gross profit} / \text{Sales revenue} \times 100 = \%$
Net profit	$\text{Gross profit} - \text{expenses (other costs)}$
NPM	$\text{Net profit} / \text{Sales revenue} \times 100 = \%$
Net cash	$\text{Income (inflows)} - \text{expenditure (outflows)}$
Closing balance	$\text{Net cash} + \text{opening balance}$
Contribution per unit	$\text{Selling price} - \text{variable cost per unit}$ OR $\text{Contribution per unit} \times \text{units sold}$
Contribution (total)	$\text{Total sales} - \text{total variable costs}$
Break even	$\text{Fixed costs} / \text{contribution per unit}$
Average rate of return (ARR)	$\text{Average annual return} / \text{initial outlay (cost)} \times 100 = \%$
Market share	$\text{Sales of product (or business/brand)} / \text{whole market} \times 100 = \%$
% change	$\text{Difference} / \text{original} \times 100$