

# AS Business



## Specification

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**Pearson Edexcel Level 3 Advanced Subsidiary GCE in Business (8BS0)**

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*First teaching from September 2015*

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*First certification from 2016*

| Issue 1



# **Pearson Edexcel Level 3 Advanced Subsidiary GCE in Business (8BS0)**

## **Specification**

First certification 2016

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## From Pearson's Expert Panel for World Class Qualifications

"The reform of the qualifications system in England is a profoundly important change to the education system. Teachers need to know that the new qualifications will assist them in helping their learners make progress in their lives.

When these changes were first proposed we were approached by Pearson to join an 'Expert Panel' that would advise them on the development of the new qualifications.

We were chosen, either because of our expertise in the UK education system, or because of our experience in reforming qualifications in other systems around the world as diverse as Singapore, Hong Kong, Australia and a number of countries across Europe.

We have guided Pearson through what we judge to be a rigorous qualification development process that has included:

- Extensive international comparability of subject content against the highest-performing jurisdictions in the world
- Benchmarking assessments against UK and overseas providers to ensure that they are at the right level of demand
- Establishing External Subject Advisory Groups, drawing on independent subject-specific expertise to challenge and validate our qualifications
- Subjecting the final qualifications to scrutiny against the DfE content and Ofqual accreditation criteria in advance of submission.

Importantly, we have worked to ensure that the content and learning is future oriented. The design has been guided by what is called an 'Efficacy Framework', meaning learner outcomes have been at the heart of this development throughout.

We understand that ultimately it is excellent teaching that is the key factor to a learner's success in education. As a result of our work as a panel we are confident that we have supported the development of qualifications that are outstanding for their coherence, thoroughness and attention to detail and can be regarded as representing world-class best practice."

**Sir Michael Barber (Chair)**

Chief Education Advisor, Pearson plc

**Professor Sing Kong Lee**

Director, National Institute of Education, Singapore

**Bahram Bekhradnia**

President, Higher Education Policy Institute

**Professor Jonathan Osborne**

Stanford University

**Dame Sally Coates**

Principal, Burlington Danes Academy

**Professor Dr Ursula Renold**

Federal Institute of Technology, Switzerland

**Professor Robin Coningham**

Pro-Vice Chancellor, University of Durham

**Professor Bob Schwartz**

Harvard Graduate School of Education

**Dr Peter Hill**

Former Chief Executive ACARA



# Introduction

The Pearson Edexcel Level 3 Advanced Subsidiary GCE in Business is designed for use in schools and colleges. It is part of a suite of GCE qualifications offered by Pearson.

## Purpose of the specification

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This specification sets out:

- the objectives of the qualification
- any other qualification(s) that a student must have completed before taking the qualification
- any prior knowledge and skills that the student is required to have before taking the qualification
- any other requirements that a student must have satisfied before they will be assessed or before the qualification will be awarded
- the knowledge and understanding that will be assessed as part of the qualification
- the method of assessment and any associated requirements relating to it
- the criteria against which a student's level of attainment will be measured (such as assessment criteria).

## Rationale

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The Pearson Edexcel Level 3 Advanced Subsidiary GCE in Business meets the following purposes, which fulfil those defined by the Office of Qualifications and Examinations Regulation (Ofqual) for GCE qualifications in their *GCE Qualification Level Conditions and Requirements* document, published in April 2014.

The purposes of this qualification are to:

- provide evidence of students' achievements in a robust and internationally comparable post-16 course of study that is a sub-set of Advanced GCE content
- enable students to broaden the range of subjects they study.

### Qualification aims and objectives

The aims and objectives of the Pearson Edexcel Level 3 Advanced Subsidiary GCE in Business are to enable students to:

- develop an enthusiasm for studying business
- gain an holistic understanding of business in a range of contexts
- develop a critical understanding of organisations and their ability to meet society's needs and wants
- understand that business behaviour can be studied from a range of perspectives
- generate enterprising and creative approaches to business opportunities, problems and issues
- be aware of the ethical dilemmas and responsibilities faced by organisations and individuals
- acquire a range of relevant business and generic skills, including decision making, problem solving, the challenging of assumptions and critical analysis
- apply numerical skills in a range of business contexts.



## The context for the development of this qualification

All our qualifications are designed to meet our World Class Qualification Principles<sup>[1]</sup> and our ambition to put the student at the heart of everything we do.

We have developed and designed this qualification by:

- reviewing other curricula and qualifications to ensure that it is comparable with those taken in high-performing jurisdictions overseas
- consulting with key stakeholders on content and assessment, including learned bodies, subject associations, higher-education academics, teachers and employers to ensure this qualification is suitable for a UK context
- reviewing the legacy qualification and building on its positive attributes.

This qualification has also been developed to meet criteria stipulated by Ofqual in their documents *GCE Qualification Level Conditions and Requirements* and *GCE Subject Level Conditions and Requirements for Business*, published in April 2014.

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[1] Pearson's World Class Qualification principles ensure that our qualifications are:

- **demanding**, through internationally benchmarked standards, encouraging deep learning and measuring higher-order skills
- **rigorous**, through setting and maintaining standards over time, developing reliable and valid assessment tasks and processes, and generating confidence in end users of the knowledge, skills and competencies of certified students
- **inclusive**, through conceptualising learning as continuous, recognising that students develop at different rates and have different learning needs, and focusing on progression
- **empowering**, through promoting the development of transferable skills, see *Appendix 1*.



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## Qualification at a glance

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The Pearson Edexcel Level 3 GCE Advanced Subsidiary GCE in Business is structured into two themes and consists of two externally examined papers.

Students are introduced to business through building knowledge of core business concepts and applying them to business contexts to develop a broad understanding of how businesses work.

Students are encouraged to use an enquiring, critical and thoughtful approach to the study of business, to understand that business behaviour can be studied from a range of perspectives and to challenge assumptions.

### Theme 1: Marketing and people

Students will develop an understanding of:

- meeting customer needs
- the market
- marketing mix and strategy
- managing people
- entrepreneurs and leaders.

### Theme 2: Managing business activities

Students will develop an understanding of:

- raising finance
- financial planning
- managing finance
- resource management
- external influences.

Students must complete all assessment in May/June in any single year.

<b>Paper 1: Marketing and people</b>	
	<b>*Paper code: 8BS0/01</b>
<ul style="list-style-type: none"><li>Externally assessed</li><li>Availability: May/June</li><li>First assessment: 2016</li></ul>	<b>50% of the total qualification</b>
<b>Overview of content</b> <p>Paper 1 will assess marketing and people, entrepreneurs and business start up. The questions in Sections A and B will be drawn from Theme 1 content. The question in Section C will also be drawn from Theme 2 content requiring students to make connections between marketing and people (Theme 1) and managing business activities (Theme 2). Questions will be drawn from local, national and global contexts.</p>	
<b>Overview of assessment</b> <ul style="list-style-type: none"><li>Written examination.</li><li>The paper comprises three sections.</li><li>Students answer all questions from all sections.</li><li>Sections A and B each comprise one data response question broken down into a number of parts.</li><li>Section C comprises one extended, open-response question.</li><li>Duration: 1 hour 30 minutes.</li><li>80 marks available.</li></ul>	

## Paper 2: Managing business activities

\*Paper code: 8BS0/02

- Externally assessed
- Availability: May/June
- First assessment: 2016

**50% of the  
total  
qualification**

### Overview of content

Paper 2 will assess business finance and operations, and external influences on business.

The questions in Sections A and B will be drawn from Theme 2 content.

The question in Section C will also be drawn from Theme 1 content requiring students to make connections between managing business activities (Theme 2) and marketing and people (Theme 1).

Questions will be drawn from local, national and global contexts.

### Overview of assessment

- Written examination.
- The paper comprises three sections.
- Students answer all questions from all sections.
- Sections A and B each comprise one data response question broken down into a number of parts.
- Section C comprises one extended, open-response question.
- Duration: 1 hour 30 minutes.
- 80 marks available.

\*See *Appendix 5: Codes* for a description of this code and all other codes relevant to this qualification.

## Assessment Objectives and weightings

Students must:		% in GCE
<b>AO1</b>	Demonstrate knowledge of terms, concepts, theories, methods and models to show an understanding of how individuals and organisations are affected by and respond to business issues	30–32
<b>AO2</b>	Apply knowledge and understanding to various business contexts to show how individuals and organisations are affected by and respond to issues	25–28
<b>AO3</b>	Analyse issues within business, showing an understanding of the impact on individuals and organisations of external and internal influences	22–24
<b>AO4</b>	Evaluate qualitative and quantitative evidence to make informed judgements and propose evidence-based solutions to business issues	19–21
<b>Total</b>		<b>100%</b>



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# Knowledge, skills and understanding

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## Theme 1: Marketing and people

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### Overview

In this theme, students are introduced to the market, explore the marketing and people functions and investigate entrepreneurs and business start up.

Students will need to apply the knowledge, skills and understanding developed in Theme 1 and Theme 2 to make connections across these two themes.

Students will need to apply their knowledge and understanding to both familiar and unfamiliar contexts in the assessments and demonstrate an awareness of current business issues.

### Content

This theme enables students to understand how businesses identify opportunities and to explore how businesses focus on developing a competitive advantage through interacting with customers. Students develop an understanding of how businesses need to adapt their marketing to operate in a dynamic business environment.

This theme also considers people, exploring how businesses recruit, train, organise and motivate employees, as well as the role of enterprising individuals and leaders.

**Students must investigate different types and sizes of organisation in various business sectors and environments, and in local, national and global contexts.**

**To develop their knowledge, skills and understanding in business, students need to have acquired competence in quantitative skills that are relevant to and applied in the context of this theme**  
(see *Appendix 3: Quantitative skills*).

## 1.1 Meeting customer needs

Subject content	What students need to learn:
<p>1.1.1 The market</p>	<p>a) Mass markets and niche markets:</p> <ul style="list-style-type: none"> <li>○ characteristics</li> <li>○ market size and market share</li> <li>○ brands</li> </ul> <p>b) Dynamic markets:</p> <ul style="list-style-type: none"> <li>○ online retailing</li> <li>○ how markets change</li> <li>○ innovation and market growth</li> <li>○ adapting to change</li> </ul> <p>c) How competition affects the market</p> <p>d) The difference between risk and uncertainty</p>
<p>1.1.2 Market research</p>	<p>a) Product and market orientation</p> <p>b) Primary and secondary market research data (quantitative and qualitative) used to:</p> <ul style="list-style-type: none"> <li>○ identify and anticipate customer needs and wants</li> <li>○ quantify likely demand</li> <li>○ gain insight into consumer behaviour</li> </ul> <p>c) Limitations of market research, sample size and bias</p> <p>d) Use of ICT to support market research:</p> <ul style="list-style-type: none"> <li>○ websites</li> <li>○ social networking</li> <li>○ databases</li> </ul> <p>e) Market segmentation</p>
<p>1.1.3 Market positioning</p>	<p>a) Market mapping</p> <p>b) Competitive advantage of a product or service</p> <p>c) The purpose of product differentiation</p> <p>d) Adding value to products/services</p>

## 1.2 The market

Subject content	What students need to learn:
1.2.1 Demand	a) Factors leading to a change in demand: <ul style="list-style-type: none"> <li>○ changes in the prices of substitutes and complementary goods</li> <li>○ changes in consumer incomes</li> <li>○ fashions, tastes and preferences</li> <li>○ advertising and branding</li> <li>○ demographics</li> <li>○ external shocks</li> <li>○ seasonality</li> </ul>
1.2.2 Supply	a) Factors leading to a change in supply: <ul style="list-style-type: none"> <li>○ changes in the costs of production</li> <li>○ introduction of new technology</li> <li>○ indirect taxes</li> <li>○ government subsidies</li> <li>○ external shocks</li> </ul>
1.2.3 Markets	a) The interaction of supply and demand b) The drawing and interpretation of supply and demand diagrams to show the causes and consequences of price changes
1.2.4 Price elasticity of demand	a) Calculation of price elasticity of demand b) Interpretation of numerical values of price elasticity of demand c) The factors influencing price elasticity of demand d) The significance of price elasticity of demand to businesses in terms of implications for pricing e) Calculation and interpretation of the relationship between price elasticity of demand and total revenue
1.2.5 Income elasticity of demand	a) Calculation of income elasticity of demand b) Interpretation of numerical values of income elasticity of demand c) The factors influencing income elasticity of demand d) The significance of income elasticity of demand to businesses

### 1.3 Marketing mix and strategy

Subject content	What students need to learn:
<p>1.3.1 Product/service design</p>	<p>a) Design mix:</p> <ul style="list-style-type: none"> <li>○ function</li> <li>○ aesthetics</li> <li>○ cost</li> </ul> <p>b) Changes in the elements of the design mix to reflect social trends:</p> <ul style="list-style-type: none"> <li>○ concern over resource depletion: designing for waste minimisation, re-use and recycling</li> <li>○ ethical sourcing</li> </ul>
<p>1.3.2 Branding and promotion</p>	<p>a) Types of promotion</p> <p>b) Types of branding</p> <p>c) The benefits of strong branding:</p> <ul style="list-style-type: none"> <li>○ added value</li> <li>○ ability to charge premium prices</li> <li>○ reduced price elasticity of demand</li> </ul> <p>d) Ways to build a brand</p> <ul style="list-style-type: none"> <li>○ unique selling points (USPs)/differentiation</li> <li>○ advertising</li> <li>○ sponsorship</li> <li>○ the use of social media</li> </ul> <p>e) Changes in branding and promotion to reflect social trends:</p> <ul style="list-style-type: none"> <li>○ viral marketing</li> <li>○ social media</li> <li>○ emotional branding</li> </ul>

Subject content	What students need to learn:
<p>1.3.3 Pricing strategies</p>	<p>a) Types of pricing strategy:</p> <ul style="list-style-type: none"> <li>○ cost plus (calculating mark-up on unit cost)</li> <li>○ price skimming</li> <li>○ penetration</li> <li>○ predatory</li> <li>○ competitive</li> <li>○ psychological</li> </ul> <p>b) Factors that determine the most appropriate pricing strategy for a particular situation:</p> <ul style="list-style-type: none"> <li>○ number of USPs/amount of differentiation</li> <li>○ price elasticity of demand</li> <li>○ level of competition in the business environment</li> <li>○ strength of brand</li> <li>○ stage in the product life cycle</li> <li>○ costs and the need to make a profit</li> </ul> <p>c) Changes in pricing to reflect social trends:</p> <ul style="list-style-type: none"> <li>○ online sales</li> <li>○ price comparison sites</li> </ul>
<p>1.3.4 Distribution</p>	<p>a) Distribution channels</p> <p>b) Changes in distribution to reflect social trends:</p> <ul style="list-style-type: none"> <li>○ online distribution</li> <li>○ changing from product to service</li> </ul>
<p>1.3.5 Marketing strategy</p>	<p>a) The product life cycle</p> <p>b) Extension strategies:</p> <ul style="list-style-type: none"> <li>○ product</li> <li>○ promotion</li> </ul> <p>c) Boston Matrix and the product portfolio</p> <p>d) Marketing strategies appropriate for different types of market:</p> <ul style="list-style-type: none"> <li>○ mass markets</li> <li>○ niche markets</li> <li>○ business to business (B2B) and business to consumer (B2C) marketing</li> </ul> <p>e) Consumer behaviour – how businesses develop customer loyalty</p>

## 1.4 Managing people

Subject content	What students need to learn:
<p>1.4.1 Approaches to staffing</p>	<p>a) Staff as an asset; staff as a cost</p> <p>b) Flexible workforce:</p> <ul style="list-style-type: none"> <li>○ multi-skilling</li> <li>○ part-time and temporary</li> <li>○ flexible hours and home working</li> <li>○ outsourcing</li> </ul> <p>c) Distinction between dismissal and redundancy</p> <p>d) Employer/employee relationships</p> <ul style="list-style-type: none"> <li>○ individual approach</li> <li>○ collective bargaining</li> </ul>
<p>1.4.2 Recruitment, selection and training</p>	<p>a) Recruitment and selection process:</p> <ul style="list-style-type: none"> <li>○ internal versus external recruitment</li> </ul> <p>b) Costs of recruitment, selection and training</p> <p>c) Types of training:</p> <ul style="list-style-type: none"> <li>○ induction</li> <li>○ on-the-job</li> <li>○ off-the-job</li> </ul>
<p>1.4.3 Organisational design</p>	<p>a) Structure:</p> <ul style="list-style-type: none"> <li>○ hierarchy</li> <li>○ chain of command</li> <li>○ span of control</li> <li>○ centralised and decentralised</li> </ul> <p>b) Types of structure:</p> <ul style="list-style-type: none"> <li>○ tall</li> <li>○ flat</li> <li>○ matrix</li> </ul> <p>c) Impact of different organisational structures on business efficiency and motivation</p>

Subject content	What students need to learn:
<p>1.4.4 Motivation in theory and practice</p>	<p>a) The importance of employee motivation to a business</p> <p>b) Motivation theories:</p> <ul style="list-style-type: none"> <li>○ Taylor (scientific management)</li> <li>○ Mayo (human relations theory)</li> <li>○ Maslow (hierarchy of needs)</li> <li>○ Herzberg (two factor theory)</li> </ul> <p>c) Financial incentives to improve employee performance:</p> <ul style="list-style-type: none"> <li>○ piecework</li> <li>○ commission</li> <li>○ bonus</li> <li>○ profit share</li> <li>○ performance-related pay</li> </ul> <p>d) Non-financial techniques to improve employee performance:</p> <ul style="list-style-type: none"> <li>○ delegation</li> <li>○ consultation</li> <li>○ empowerment</li> <li>○ team working</li> <li>○ flexible working</li> <li>○ job enrichment</li> <li>○ job rotation</li> <li>○ job enlargement</li> </ul>
<p>1.4.5 Leadership</p>	<p>a) Leadership:</p> <ul style="list-style-type: none"> <li>○ the distinction between management and leadership</li> </ul> <p>b) Types of leadership style:</p> <ul style="list-style-type: none"> <li>○ autocratic</li> <li>○ paternalistic</li> <li>○ democratic</li> <li>○ laissez-faire</li> </ul>

## 1.5 Entrepreneurs and leaders

Subject content	What students need to learn:
1.5.1 Role of an entrepreneur	<ul style="list-style-type: none"> <li>a) Creating and setting up a business</li> <li>b) Running and expanding/developing a business</li> <li>c) Innovation within a business (intrapreneurship)</li> <li>d) Barriers to entrepreneurship</li> <li>e) Anticipating risk and uncertainty in the business environment</li> </ul>
1.5.2 Entrepreneurial motives and characteristics	<ul style="list-style-type: none"> <li>a) Characteristics and skills required</li> <li>b) Reasons why people set up businesses:               <ul style="list-style-type: none"> <li>o financial motives: profit maximisation and profit satisficing</li> <li>o non-financial motives: ethical stance, social entrepreneurship, independence and home working</li> </ul> </li> </ul>
1.5.3 Business objectives	<ul style="list-style-type: none"> <li>a) Survival</li> <li>b) Profit maximisation</li> <li>c) Other objectives:               <ul style="list-style-type: none"> <li>o sales maximisation</li> <li>o market share</li> <li>o cost efficiency</li> <li>o employee welfare</li> <li>o customer satisfaction</li> <li>o social objectives</li> </ul> </li> </ul>
1.5.4 Forms of business	<ul style="list-style-type: none"> <li>a) Sole trader, partnership and private limited company</li> <li>b) Franchising, social enterprise, lifestyle businesses, online businesses</li> <li>c) Growth to PLC and stock market flotation</li> </ul>
1.5.5 Business choices	<ul style="list-style-type: none"> <li>a) Opportunity cost</li> <li>b) Choices and potential trade-offs</li> </ul>
1.5.6 Moving from entrepreneur to leader	<ul style="list-style-type: none"> <li>a) The difficulties in developing from an entrepreneur to a leader</li> </ul>



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## Theme 2: Managing business activities

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### Overview

In this theme, students explore the finance and operations functions, and investigate external influences on business. Students will need to apply the knowledge, skills and understanding developed in Theme 1 and Theme 2 to make connections across these two themes.

Students will need to apply their knowledge and understanding to both familiar and unfamiliar contexts in the assessments and demonstrate an awareness of current business issues.

### Content

This theme enables students to develop an understanding of raising and managing finance, and measuring business performance.

The theme outlines the importance of using resources efficiently within a business to ensure that goods or services can be delivered effectively and efficiently, and to a high quality.

Students also consider the external influences that have an impact on businesses, including economic and legal factors.

**Students must investigate different types and sizes of organisation in various business sectors and environments, and in local, national and global contexts.**

**To develop their knowledge, skills and understanding in business, students need to have acquired competence in quantitative skills that are relevant to and applied in the context of this theme**

*(see Appendix 3: Quantitative skills).*

For this theme, students will need to be aware of the accounting ratios outlined in *Appendix 4: Accounting ratios*.

## 2.1 Raising finance

Subject content	What students need to learn:
2.1.1 Internal finance	a) Owner's capital: personal savings b) Retained profit c) Sale of assets
2.1.2 External finance	a) Sources of finance: <ul style="list-style-type: none"> <li>o family and friends</li> <li>o banks</li> <li>o peer-to-peer funding</li> <li>o business angels</li> <li>o crowd funding</li> <li>o other businesses</li> </ul> b) Methods of finance: <ul style="list-style-type: none"> <li>o loans</li> <li>o share capital</li> <li>o venture capital</li> <li>o overdrafts</li> <li>o leasing</li> <li>o trade credit</li> <li>o grants</li> </ul>
2.1.3 Liability	a) Implications of limited and unlimited liability b) Finance appropriate for limited and unlimited liability businesses
2.1.4 Planning	a) Relevance of a business plan in obtaining finance b) Interpretation of a simple cash-flow forecast and calculations based on changes in the cash-flow variables c) Use and limitations of a cash-flow forecast

## 2.2 Financial planning

Subject content	What students need to learn:
2.2.1 Sales forecasting	a) Purpose of sales forecasts b) Factors affecting sales forecasts: <ul style="list-style-type: none"> <li>○ consumer trends</li> <li>○ economic variables</li> <li>○ actions of competitors</li> </ul> c) Difficulties of sales forecasting
2.2.2 Sales, revenue and costs	a) Calculation of sales volume and sales revenue b) Calculation of fixed and variable costs
2.2.3 Break-even	a) Contribution: selling price – variable cost per unit b) Break-even point: <ul style="list-style-type: none"> <li>○ <math>\text{total fixed costs} + \text{total variable costs} = \text{total revenue}</math></li> </ul> c) Using contribution to calculate the break-even point d) Margin of safety e) Interpretation of break-even charts f) Limitations of break-even analysis
2.2.4 Budgets	a) Purpose of budgets b) Types of budget: <ul style="list-style-type: none"> <li>○ historical figures</li> <li>○ zero based</li> </ul> c) Variance analysis d) Difficulties of budgeting

## 2.3 Managing finance

Subject content	What students need to learn:
2.3.1 Profit	a) Calculation of: <ul style="list-style-type: none"><li>○ gross profit</li><li>○ operating profit</li><li>○ profit for the year (net profit)</li></ul> b) Statement of comprehensive income (profit and loss account): <ul style="list-style-type: none"><li>○ measuring profitability:<ul style="list-style-type: none"><li>- calculation of gross profit margin, operating profit margin, and profit for the year (net profit) margin</li></ul></li><li>○ ways to improve profitability</li></ul> c) Distinction between profit and cash
2.3.2 Liquidity	a) Statement of financial position (balance sheet): <ul style="list-style-type: none"><li>○ measuring liquidity:<ul style="list-style-type: none"><li>- calculating current ratio and acid test ratio</li></ul></li><li>○ ways to improve liquidity</li></ul> b) Working capital and its management: the importance of cash
2.3.3 Business failure	a) Internal and external causes of business failure: <ul style="list-style-type: none"><li>○ financial factors</li><li>○ non-financial factors</li></ul>

## 2.4 Resource management

Subject content	What students need to learn:
<p>2.4.1 Production, productivity and efficiency</p>	<p>a) Methods of production:</p> <ul style="list-style-type: none"> <li>○ job</li> <li>○ batch</li> <li>○ flow</li> <li>○ cell</li> </ul> <p>b) Productivity:</p> <ul style="list-style-type: none"> <li>○ output per unit of input per time period:               <ul style="list-style-type: none"> <li>- factors influencing productivity</li> <li>- link between productivity and competitiveness</li> </ul> </li> </ul> <p>c) Efficiency:</p> <ul style="list-style-type: none"> <li>○ production at minimum average cost:               <ul style="list-style-type: none"> <li>- factors influencing efficiency</li> <li>- distinction between labour and capital intensive production</li> </ul> </li> </ul>
<p>2.4.2 Capacity utilisation</p>	<p>a) Capacity utilisation:</p> <ul style="list-style-type: none"> <li>○ current output (divided by) maximum possible output (x 100)</li> </ul> <p>b) Implications of under- and over-utilisation of capacity</p> <p>c) Ways of improving capacity utilisation</p>
<p>2.4.3 Stock control</p>	<p>a) Interpretation of stock control diagram</p> <p>b) Buffer stocks</p> <p>c) Implications of poor stock control</p> <p>d) Just in time (JIT) management of stock</p> <p>e) Waste minimisation</p> <p>f) Competitive advantage from lean production</p>
<p>2.4.4 Quality management</p>	<p>a) Quality:</p> <ul style="list-style-type: none"> <li>○ control</li> <li>○ assurance</li> <li>○ circles</li> <li>○ Total Quality Management (TQM)</li> </ul> <p>b) Continuous improvement (Kaizen)</p> <p>c) Competitive advantage from quality management</p>

## 2.5 External influences

Subject content	What students need to learn:
2.5.1 Economic influences	a) The effect on businesses of changes in: <ul style="list-style-type: none"><li>○ inflation (the rate of inflation, the Consumer Prices Index)</li><li>○ exchange rates (appreciation, depreciation)</li><li>○ interest rates</li><li>○ taxation and government spending</li><li>○ the business cycle</li></ul> b) The effect of economic uncertainty on the business environment
2.5.2 Legislation	a) The effects on businesses of: <ul style="list-style-type: none"><li>○ consumer protection</li><li>○ employee protection</li><li>○ environmental protection</li><li>○ competition policy</li><li>○ health and safety</li></ul>
2.5.3 The competitive environment	a) Competition and market size

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# Assessment

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## Assessment summary

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### Summary of table of assessment

Students must complete all assessment in May/June in any single year.

#### Paper 1: Marketing and people

\*Paper code: 8BS0/01

- Each question is drawn from one or more of the following contexts: local, national or global.
- The questions in Sections A and B are drawn from Theme 1 content. The question in Section C will also be drawn from Theme 2 content requiring students to make connections between marketing and people (Theme 1) and managing business activities (Theme 2).
- Sections A and B each comprise one data response question broken down into a number of parts.
- Section C comprises one single, extended open-response question.
- First assessment: May/June 2016.
- The assessment is 1 hour 30 minutes.
- The assessment comprises 3 questions.
- The assessment comprises 80 marks.

**50% of the  
total  
qualification**

## Paper 2: Managing business activities

\*Paper code: 8BS0/02

- Each question is drawn from one or more of the following contexts: local, national or global.
- The questions in Sections A and B are drawn from Theme 2 content. The question in Section C will also be drawn from Theme 1 content requiring students to make connections between managing business activities (Theme 2) and marketing and people (Theme 1).
- Sections A and B each comprise one data response question broken down into a number of parts.
- Section C comprises one single, extended open-response question.
- First assessment: May/June 2016.
- The assessment is 1 hour 30 minutes.
- The assessment comprises 3 questions.
- The assessment comprises 80 marks.

**50% of the  
total  
qualification**

The sample assessment materials can be found in the *Pearson Edexcel Level 3 Advanced Subsidiary GCE in Business Sample Assessment Materials* document.

\*See *Appendix 5: Codes for description of this code and all other codes relevant to this qualification.*



## Assessment Objectives and weightings

Students must:		% in GCE
<b>AO1</b>	Demonstrate knowledge of terms, concepts, theories, methods and models to show an understanding of how individuals and organisations are affected by and respond to business issues	30–32
<b>AO2</b>	Apply knowledge and understanding to various business contexts to show how individuals and organisations are affected by and respond to issues	25–28
<b>AO3</b>	Analyse issues within business, showing an understanding of the impact on individuals and organisations of external and internal influences	22–24
<b>AO4</b>	Evaluate qualitative and quantitative evidence to make informed judgements and propose evidence-based solutions to business issues	19–21
<b>Total</b>		<b>100%</b>

## Breakdown of Assessment Objectives

Paper	Assessment Objectives				Total for all assessment objectives
	AO1	AO2	AO3	AO4	
Paper 1: Marketing and people	15 – 16%	12.5 – 14%	11 – 12%	9.5 – 10.5%	50%
Paper 2: Managing business activities	15 – 16%	12.5 – 14%	11 – 12%	9.5 – 10.5%	50%
<b>Total for this qualification</b>	<b>30 – 32%</b>	<b>25 – 28%</b>	<b>22 – 24%</b>	<b>19 – 21%</b>	<b>100%</b>

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## Entry and assessment information

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### Student entry

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Details of how to enter students for the examinations for this qualification can be found in our *UK Information Manual*. A copy is made available to all examinations officers and is available on our website at: [www.edexcel.com/iwantto/Pages/uk-information-manual.aspx](http://www.edexcel.com/iwantto/Pages/uk-information-manual.aspx)

### Forbidden combinations and discount code

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Centres should be aware that students who enter for more than one GCE qualification with the same discount code will have only one of the grades they achieve counted for the purpose of the School and College Performance Tables - normally the better grade (please see *Appendix 5: Codes*). Students should be advised that, if they take two qualifications with the same discount code, colleges, universities and employers are very likely to take the view that they have achieved only one of the two GCEs. The same view may be taken if students take two GCE qualifications that have different discount codes but have significant overlap of content, for example Advanced or Advanced Subsidiary GCE in Economics. Students or their advisers who have any doubts about their subject combinations should check with the institution to which they wish to progress before embarking on their programmes.

## **Access arrangements, reasonable adjustments and special consideration**

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### **Access arrangements**

Access arrangements are agreed before an assessment. They allow students with special educational needs, disabilities or temporary injuries to:

- access the assessment
- show what they know and can do without changing the demands of the assessment.

The intention behind an access arrangement is to meet the particular needs of an individual disabled student without affecting the integrity of the assessment. Access arrangements are the principal way in which awarding bodies comply with the duty under the Equality Act 2010 to make 'reasonable adjustments'.

Access arrangements should always be processed at the start of the course. Students will then know what is available and have the access arrangement(s) in place for assessment.

### **Reasonable adjustments**

The Equality Act 2010 requires an awarding organisation to make reasonable adjustments where a person with a disability would be at a substantial disadvantage in undertaking an assessment. The awarding organisation is required to take reasonable steps to overcome that disadvantage.

A reasonable adjustment for a particular person may be unique to that individual and therefore might not be in the list of available access arrangements.

Whether an adjustment will be considered reasonable will depend on a number of factors, which will include:

- the needs of the student with the disability
- the effectiveness of the adjustment
- the cost of the adjustment; and
- the likely impact of the adjustment on the student with the disability and other students.

An adjustment will not be approved if it involves unreasonable costs to the awarding organisation, timeframes or affects the security or integrity of the assessment. This is because the adjustment is not 'reasonable'.

### **Special consideration**

Special consideration is a post-examination adjustment to a student's mark or grade to reflect temporary injury, illness or other indisposition at the time of the examination/assessment, which has had, or is reasonably likely to have had, a material effect on a candidate's ability to take an assessment or demonstrate his or her level of attainment in an assessment.

### **Further information**

Please see our website for further information about how to apply for access arrangements and special consideration.

For further information about access arrangements, reasonable adjustments and special consideration, please refer to the JCQ website: [www.jcq.org.uk](http://www.jcq.org.uk).

## **Equality Act 2010 and Pearson equality policy**

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Equality and fairness are central to our work. Our equality policy requires all students to have equal opportunity to access our qualifications and assessments, and our qualifications to be awarded in a way that is fair to every student.

We are committed to making sure that:

- students with a protected characteristic (as defined by the Equality Act 2010) are not, when they are undertaking one of our qualifications, disadvantaged in comparison to students who do not share that characteristic
- all students achieve the recognition they deserve for undertaking a qualification and that this achievement can be compared fairly to the achievement of their peers.

You can find details on how to make adjustments for students with protected characteristics in the policy document *Access Arrangements, Reasonable Adjustments and Special Considerations*, which is on our website, [www.edexcel.com/Policies](http://www.edexcel.com/Policies).

## **Awarding and reporting**

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This qualification will be graded, awarded and certificated to comply with the requirements of the current Code of Practice, published by the Office of Qualifications and Examinations Regulation (Ofqual).

The Advanced Subsidiary GCE qualification will be graded and certificated on a five-grade scale from A to E using the total subject mark. Individual papers are not graded.

The first certification opportunity for the Pearson Edexcel Level 3 Advanced Subsidiary GCE in Business will be 2016. Students whose level of achievement is below the minimum judged by Pearson to be of sufficient standard to be recorded on a certificate will receive an unclassified U result.

## **Language of assessment**

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Assessment of this qualification will be available in English. All student work must be in English.

## **Grade descriptions**

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The grade descriptions for this qualification are published by Ofqual and will be available on their website.

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## Other information

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### Student recruitment

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Pearson follows the JCQ policy concerning recruitment to our qualifications in 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.

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### Prior learning and other requirements

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There are no prior learning or other requirements for this qualification.

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### Progression

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Students will apply their knowledge and understanding to real-life business contexts, with updated content to reflect the issues impacting on modern businesses in our specification and real business case studies in all our assessments. Students will develop transferable skills that support higher education study and the transition to employment, including numeracy, communication, an understanding of the business environment and commercial awareness.

Students can progress from this qualification to:

- Advanced GCE in Business qualifications
- higher education courses such as business management, business administration, accountancy and finance, human resource management, marketing, retail management, tourism management and international business
- a wide range of careers ranging from banking, sales, product management and general management to working in public sector organisations or charities.





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# Appendix 1: Transferable skills

## The need for transferable skills

In recent years, higher education institutions and employers have consistently flagged the need for students to develop a range of transferable skills to enable them to respond with confidence to the demands of undergraduate study and the world of work.

The Organisation for Economic Co-operation and Development (OECD) defines skills, or competencies, as 'the bundle of knowledge, attributes and capacities that can be learned and that enable individuals to successfully and consistently perform an activity or task and can be built upon and extended through learning.'<sup>1</sup>

To support the design of our qualifications, the Pearson Research Team selected and evaluated seven global 21st-century skills frameworks. Following on from this process, we identified the National Research Council's (NRC) framework as the most evidence-based and robust skills framework. We adapted the framework slightly to include the Program for International Student Assessment (PISA) ICT Literacy and Collaborative Problem Solving (CPS) Skills.

The adapted National Research Council's framework of skills involves:<sup>2</sup>

### Cognitive skills

- **Non-routine problem solving** – expert thinking, metacognition, creativity.
- **Systems thinking** – decision making and reasoning.
- **Critical thinking** – definitions of critical thinking are broad and usually involve general cognitive skills such as analysing, synthesising and reasoning skills.
- **ICT literacy** - access, manage, integrate, evaluate, construct and communicate<sup>3</sup>.

### Interpersonal skills

- **Communication** – active listening, oral communication, written communication, assertive communication and non-verbal communication.
- **Relationship-building skills** – teamwork, trust, intercultural sensitivity, service orientation, self-presentation, social influence, conflict resolution and negotiation.
- **Collaborative problem solving** – establishing and maintaining shared understanding, taking appropriate action, establishing and maintaining team organisation.

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<sup>1</sup> OECD (2012), Better Skills, Better Jobs, Better Lives

(2012):<http://skills.oecd.org/documents/OECDSkillsStrategyFINALENG.pdf>

<sup>2</sup> Koenig, J. A. (2011) Assessing 21st Century Skills: Summary of a Workshop, National Research Council

<sup>3</sup> PISA (2011) The PISA Framework for Assessment of ICT Literacy, PISA

### **Intrapersonal skills**

- **Adaptability** – ability and willingness to cope with the uncertain, handling work stress, adapting to different personalities, communication styles and cultures, and physical adaptability to various indoor and outdoor work environments.
- **Self-management and self-development** – ability to work remotely in virtual teams, work autonomously, be self-motivating and self-monitoring, willing and able to acquire new information and skills related to work.

Transferable skills enable young people to face the demands of further and higher education, as well as the demands of the workplace, and are important in the teaching and learning of this qualification. We will provide teaching and learning materials, developed with stakeholders, to support our qualifications.

## Appendix 2: Level 3 Extended Project qualification

### What is the Extended Project?

The Extended Project is a standalone qualification that can be taken alongside GCEs. It supports the development of independent learning skills and helps to prepare students for their next step – whether that be university study or employment. The qualification:

- is recognised by universities for the skills it develops
- is worth half of an Advanced GCE qualification at grades A\*–E
- carries UCAS points for university entry.

The Extended Project encourages students to develop skills in the following areas: research, critical thinking, extended writing and project management. Students identify and agree a topic area of their choice (which may or may not be related to a GCE subject they are already studying), guided by their teacher.

Students can choose from one of four approaches to produce:

- a dissertation (for example, an investigation based on predominately secondary research)
- an investigation/field study (for example, a practical experiment)
- a performance (for example, in music, drama or sport)
- an artefact (for example, a creating a sculpture in response to a client brief or solving an engineering problem).

The qualification is coursework based and students are assessed on the skills of managing, planning and evaluating their project. Students will research their topic, develop skills to review and evaluate the information, and then present the final outcome of their project.

### Students: what they need to do

The Extended Project qualification requires students to:

- select a topic of interest for an in-depth study and negotiate the scope of the project with their teacher
- identify and draft an objective for their project (for example, in the form of a question, hypothesis, challenge, outline of proposed performance, issue to be investigated or commission for a client) and provide a rationale for their choice
- produce a plan for how they will deliver their intended objective
- conduct research as required by the project brief, using appropriate techniques
- carry out the project using tools and techniques safely
- share the outcome of the project using appropriate communication methods, including a presentation.

### **Teachers: key information**

- The Extended Project has 120 guided learning hours (GLH) consisting of:
  - a 40-GLH taught element that includes teaching the technical skills (for example, research skills)
  - an 80-GLH guided element that includes mentoring students through the project work.
- Group work is acceptable, however it is important that each student provides evidence of their own contribution and produces their own report.
- 100% externally moderated.
- Four Assessment Objectives: manage, use resources, develop and realise, review.
- Can be run over 1, 1½ or 2 years.
- Can be submitted in January or June.

### **How to link the Extended Project with Business**

The Extended Project creates the opportunity to develop transferable skills for progression to higher education and to the workplace, through the exploration of either an area of personal interest or a topic of interest within the business qualification content. Through the study of this business qualification, students will develop knowledge and understanding of business concepts and issues; apply these concepts and issues to real world contexts; then analyse and evaluate the concepts and issues.

### **Skills developed**

Through the Extended Project students will develop skills in:

- conducting, organising and using research
- independent reading in the subject area
- planning, project management and time management
- defining a hypothesis to be tested in investigations or developing a design brief
- collecting, handling and interpreting data and evidence
- evaluating arguments and processes, including arguments in favour of alternative interpretations of data and evaluation of experimental methodology
- critical thinking.

In the context of the Extended Project, critical thinking refers to the ability to identify and develop arguments for a point of view or hypothesis and to consider and respond to alternative arguments. This supports the development of evaluative skills, through evaluating business arguments, and using qualitative and quantitative evidence to support informed judgements and propose evidence-based solutions to business issues.

The Extended Project is an ideal vehicle to develop the skills identified in *Appendix 1*.

## Types of Extended Project

Students may choose a university-style dissertation on any topic which can be researched and argued, for example a controversial business issue such as child labour, executive pay or advertising to children.

A dissertation might involve an investigation such as:

- the impact of digital downloads on the music industry
- an investigation into the ease of doing business in a chosen country.

The dissertation uses secondary research sources to provide a reasoned defence or a point of view, with consideration of counter-arguments.

An alternative might be an investigative project or field study involving the collection of data from primary research, for example:

- a study of the impact of unemployment on the local community
- a statistical survey of changing social attitudes towards online purchasing.

A field study might consider an issue that lends itself to primary research, for example an investigation into the motivation techniques used in a chosen business.

## Using the Extended Project to support breadth and depth

There is no specified material that students are expected to study and, in the Extended Project, students are assessed on the quality of the work they produce and the skills they develop and demonstrate through completing this work.

Students can use the Extended Project to demonstrate *extension* in one or more dimensions:

- **deepening understanding** – where a student explores a topic in greater depth than in the specification content. This could be an in-depth exploration of one aspect of the broad pre-release context
- **broadening skills** – where a student learns a new skill. This might be learning how to design a website or learning a new statistical technique which can be used in the analysis of either primary or secondary data collected by the student
- **widening perspectives** – where the student's project spans different subjects. A student studying business with geography may wish to research the impact of tourism on a particular region or locality. A student studying business with mathematics may wish to use statistical techniques to analyse market data and research one aspect of a market in more detail. A student studying business with psychology may wish to conduct an experiment into influences on consumer purchasing.

A wide range of information to support the delivery and assessment of the Extended Project, including the specification, teacher guidance for all aspects, an editable scheme of work and exemplars for all four approaches, can be found on our website at [www.edexcel.com/project](http://www.edexcel.com/project)





## Appendix 3: Quantitative skills

This appendix is taken from the DfE Subject Content for Business.

Throughout the course of study, students will develop competence in the quantitative skills listed below. There are opportunities for students to develop these skills throughout the content and students are required to apply these skills to relevant business contexts.

The assessment of quantitative skills will include at least Level 2 mathematical skills as a minimum of 10% of the overall marks for this qualification.

Quantitative skill number	Quantitative skill
QS 1	calculate, use and understand ratios, averages and fractions
QS 2	calculate, use and understand percentages and percentage changes
QS 3	construct and interpret a range of standard graphical forms
QS 4	interpret index numbers
QS 5	calculate cost, revenue, profit and break-even
QS 7	interpret values of price and income elasticity of demand
QS 8	use and interpret quantitative and non-quantitative information in order to make decisions
QS 9	interpret, apply and analyse information in written, graphical and numerical forms

Note: QS6 (calculate investment appraisal outcomes and interpret results) does not form part of the GCE AS level core content)



## Appendix 4: Accounting ratios

Students will need to learn the following accounting ratios for this qualification.

### Statement of comprehensive income

	Ratio name	Ratio formula
Revenue	Gross profit margin	$\frac{\text{Gross Profit} \times 100\%}{\text{Revenue}}$
- Cost of sales		
= <b>Gross profit</b>		
- Other operating expenses	Operating profit margin	$\frac{\text{Operating Profit} \times 100\%}{\text{Revenue}}$
= <b>Operating profit</b>		
- Interest	Profit for the year (net profit) margin	$\frac{\text{Profit for the year (net profit)} \times 100\%}{\text{Revenue}}$
= <b>Profit for the year (net profit)</b>		

### Statement of financial position

	Ratio name		Ratio formula	
Non-current assets				
+ Current assets	Current ratio	Acid test ratio (liquid capital ratio)	$\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{\text{Current assets} - \text{Inventory}}{\text{Current liabilities}}$
- Current liabilities				
- Non-current liabilities				
= <b>Net assets</b>				



## Appendix 5: Codes

Type of code	Use of code	Code number
Discount codes	Every qualification is assigned to a discount code indicating the subject area to which it belongs. This code may change. Please go to our website ( <a href="http://www.edexcel.com">www.edexcel.com</a> ) for details of any changes.	For KS4 performance tables: AA3 For 16–18 performance tables: 3210
National Qualifications Framework (NQF) codes	Each qualification title is allocated an Ofqual National Qualifications Framework (NQF) code. The NQF code is known as a Qualification Number (QN). This is the code that features in the DfE Section 96 and on the LARA as being eligible for 16–18 and 19+ funding, and is to be used for all qualification funding purposes. The QN is the number that will appear on the student’s final certification documentation.	The QN for the qualification in this publication is: Advanced Subsidiary GCE – 601/4672/2
Subject codes	The subject code is used by centres to enter students for a qualification. Centres will need to use the entry codes only when claiming students’ qualifications.	Advanced Subsidiary GCE – 8BS0
Paper code	These codes are provided for reference purposes. Students do not need to be entered for individual papers.	Paper 1: 8BS0/01 Paper 2: 8BS0/02

For more information about Edexcel or BTEC qualifications from Pearson, visit [www.edexcel.com](http://www.edexcel.com) or [www.btec.co.uk](http://www.btec.co.uk)

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