GCSE BUSINESS · EVERY EXAM BOARD

# What every mark is for

Three assessment objectives. Every mark on every paper is one of these three, whichever board you sit.

**ONE QUESTION, THREE LEVELS**

Zara's Cakes is a small bakery next to a sixth-form college. She is thinking about putting her prices up.

## AO1

**35%**

"Demonstrate knowledge and understanding of business concepts and issues"

**Naming, defining, stating.**

Short answers. You either know it or you don't — and no amount of writing will make up for not knowing it.

**ANSWERED AT THIS LEVEL**

Revenue is the income a business receives from selling its products. It is calculated as price multiplied by quantity sold.

**True anywhere. Nothing here is about Zara.**

## AO2

**35%**

"Apply knowledge and understanding of business concepts and issues to a variety of contexts"

**Using the business in the question.**

The test: if your answer would work just as well for a different business, it is not applied. Name them. Use their numbers.

**ANSWERED AT THIS LEVEL**

If Zara raises her prices, the revenue she earns on each cake goes up — but students have small budgets, so she may sell fewer of them.

**Now it could only be about Zara. That is what applied means.**

## AO3

**30%**

"Analyse and evaluate business information and issues to demonstrate understanding of business activity, make judgements and draw conclusions"

**Reasoning, then a decision.**

Build the chain — this, so that, which means. Then commit. A balanced answer that decides nothing has not evaluated anything.

**ANSWERED AT THIS LEVEL**

Whether total revenue rises depends on how easily her customers can go elsewhere. With a supermarket on the same road, students can — so a small rise on her best-selling lines is more likely to work than a rise across everything.

**Reasoned both ways, then landed on one. The judgement is the marks.**

**Two thirds of every paper is AO2 and AO3. Knowing the content is where the marks start, not where they end.**

The three statements are quoted in full, and the weightings are taken, from **every GCSE Business specification** — they are identical in every one, compared character by character. The lines under each statement are ours.

GCSE BUSINESS · EVERY EXAM BOARD

# The calculations

Every mathematical technique a GCSE Business specification must require you to use.

## PERCENTAGES AND PERCENTAGE CHANGES

**Percentage of an amount**

$$= \frac{\text{part}}{\text{whole}} \times 100$$

**Percentage change**

$$= \frac{\text{new value} - \text{original value}}{\text{original value}} \times 100$$

## AVERAGES

**Average (mean)**

$$= \frac{\text{total of the values}}{\text{how many values there are}}$$

## REVENUE, COSTS AND PROFIT

**Revenue**

= price × quantity sold

**Total costs**

= fixed costs + variable costs

**Profit**

= revenue − total costs

## GROSS PROFIT MARGIN AND NET PROFIT MARGIN RATIOS

**Gross profit**

= revenue − cost of sales

**Gross profit margin**

$$= \frac{\text{gross profit}}{\text{revenue}} \times 100$$

**Net profit**

= gross profit − expenses and interest

**Net profit margin**

$$= \frac{\text{net profit}}{\text{revenue}} \times 100$$

## AVERAGE RATE OF RETURN

**Average rate of return**

$$= \frac{\text{average annual profit (total profit} \div \text{years)}}{\text{cost of the investment}} \times 100$$

## CASH-FLOW FORECASTS, INCLUDING TOTAL COSTS, TOTAL REVENUE AND NET CASH FLOW

**Net cash flow**

= cash in − cash out

**Closing balance**

= opening balance + net cash flow

**Every one of these is a percentage, a subtraction or a division. Show the working — a right answer with no working can still drop marks, and a wrong answer with working can still earn them.**

Quoted from **Business GCSE subject content, Department for Education, December 2015 (DFE-00203-2015)**, the document every GCSE Business specification must meet — it sets out what is “common to all GCSE specifications in business”.  The six headings are its own list of required calculations. The formulae beneath them are the standard ones — the subject content names the techniques and does not print formulae, so they are not attributed to it. Break even is not on this sheet: it is named in the content as a concept but not in the list of required calculations, and boards differ on whether the formula itself is examined.

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# The language of business

Say it in these words and the examiner knows you know it. Say it in your own and they can only guess.

## BUSINESS ACTIVITY

- enterprise
- entrepreneurship
- risk and reward
- the competitive environment
- business plan
- business location
- business ownership
- limited liability
- aims and objectives
- organic growth
- external growth
- stakeholders
- interdependence

## INFLUENCES ON BUSINESS

- e-commerce
- digital communication
- ethical considerations
- environmental considerations
- sustainability
- economic climate
- consumer income
- unemployment
- globalisation
- legislation
- employment law
- consumer law

## BUSINESS OPERATIONS

- production processes
- procurement
- logistics
- supply decisions
- quality
- the sales process
- customer service
- product knowledge
- customer engagement
- post-sales service

## FINANCE

- sources of finance
- revenue
- costs
- profit and loss
- break even
- gross profit ratio
- net profit ratio
- cash
- cash-flow forecasting
- financial information

## MARKETING

- segmentation
- target customers
- market research
- qualitative data
- quantitative data
- the marketing mix
- price
- product
- promotion
- place

## HUMAN RESOURCES

- organisational structure
- communication
- job roles
- ways of working
- recruitment
- retention
- motivation
- financial methods
- non-financial methods
- training
- development

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# How a business fits together

Four functions inside the business. None of them moves on its own.

## Operations

*"What business operations involve, their role within the production of goods and the provision of services, and how they influence business activity, including:"*

- the impact of different types of production processes on businesses
- the role of procurement and the impact of logistical and supply decisions on businesses
- the concept of quality and its importance to a business, including the production of goods and the provision of services
- the sales process and the importance to businesses of providing good customer service, including product knowledge, customer engagement and post-sales service

## Finance

*"The purpose of the finance function, its role within business and how it influences business activity, including:"*

- what different sources of business finance are available and their suitability for new and established businesses
- the concept of revenue, costs, profit and loss, including break even and gross and net profit ratios
- the importance of cash to a business, the difference between cash and profit, and cash-flow forecasting
- the use of financial information in understanding business performance and making business decisions

## Marketing

*"The purpose of marketing, its role within business and how it influences business activity, including:"*

- the importance to a business of identifying and understanding its customers
- how businesses use segmentation to target customers
- the purpose and methods of market research, and the use of qualitative and quantitative market research data
- the marketing mix and the importance of each of the four elements – price, product, promotion and place – and how they work together

## Human resources

*"The purpose of human resources, its role within business and how it influences business activity, including:"*

- how and why businesses have different organisational structures, including the importance of effective communication, different job roles and responsibilities, and different ways of working
- how businesses recruit people, including methods used to meet different business needs
- the importance of retaining and motivating employees and how businesses achieve this, including financial and non-financial methods
- how and why businesses train and develop their employees

**"the interdependent nature of business activity, influences on business, business operations, finance, marketing and human resources; and how these interdependencies underpin business decision making"**

This is the sentence the whole qualification is built on. Pull one function and the others move — which is why the best answers follow the change through the business instead of stopping at the department it started in.

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# What acts on a business

Five forces from outside. A business does not choose them — it responds to them.

"The importance of external influences on business and how businesses change in response to these influences" — and the five the subject content names are these.

## Technology

"how technology, including e-commerce and digital communication, influences business activity"

**Reaches more customers, costs money to set up, and changes who the competition is.**

## Ethics and environment

"the impact of ethical and environmental considerations on businesses, including sustainability"

**Usually raises costs in the short term. The argument is about the long term, and about who the customer is.**

## The economic climate

"the impact of the economic climate on businesses, including changing levels of consumer income and unemployment"

**Income falls, demand shifts — but not for every product, and that exception is where the marks are.**

## Globalisation

"the impact of globalisation on businesses, including how businesses compete internationally"

**A bigger market and a bigger set of competitors, arriving together.**

## Legislation

"the impact of legislation on businesses, including employment law and consumer law"

**Not optional and not a judgement call. It sets the floor everything else is built on.**

**None of these is automatically good or bad for a business. Every one of them depends on the business, and saying which business and why is the difference between AO1 and AO3.**

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