G. Gorman

Business Studies GCSE

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Good design

for effective revision

The Economic Framework

Syllabus analysis
Ensures you only do the topics you need – no more, no less

Start and completion column Keeps tabs on your progress – see at a glance which areas still need to be worked through

SEG	LEAG	NISEAC	WJEC	NEAB	MEG	Topic	Date attempted	Date completed	Self Assessment
✓	✓	✓	✓	✓	✓	1.1			
✓	✓	✓	✓	✓	✓	1.2			
✓	✓	✓	✓	✓	✓	1.3			
✓	✓	✓	✓	✓	✓	1.4			
✓	✓	✓	✓	✓	✓	1.5			
✓	✓	✓	✓	✓	✓	1.6			
✓	✓	✓	✓	✓	✓	1.7			

Self assessment
For you to note how well you've done or areas which need to be revised again

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Exam Board Addresses

For syllabuses and past papers contact the Publications office at the following addresses:

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**Northern Ireland Council for the
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Welsh Joint Education Committee (WJEC)
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0131-663 6601

or recent papers from the SEB's agent
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**Remember to check your syllabus number
with your teacher!**

Introduction

How to Use this Book

This book has been designed to help you complete your coursework and prepare for the examination papers in GCSE Business Studies.

Each chapter gives a summary of the basic subject content of the various syllabuses. For more detail you should consult other books on the topics.

For each chapter there are suggested coursework assignments, which you should adapt as necessary for your interests and syllabus. Be careful to study the particular requirements of your syllabus. A summary and detailed guidance are given in Chapter 17.

At the end of every chapter are worked examples of examination questions, mostly from the specimen papers issued by the Examining Groups before the first GCSE examinations. These are followed by self-test questions, mainly from the first batch of papers set in 1988.

Although the book is divided into separate chapters for convenient reading, it is important to remember that GCSE Business Studies emphasises 'integration' of the subject content. In simple terms, this means that coursework assignments and examination questions should test knowledge from more than one subject area. You are likely to find that most questions ask for knowledge from at least two different chapters.

Types of Examination Question

There are three main types of examination question in GCSE Business Studies examination papers – *short-answer*, *data response* and *case studies*.

(a) **Short-answer Questions**

As their name implies, these ask for a very brief answer, from a single word to a couple of sentences. For example:

‘Collective bargaining is a way of settling wage rates between employers and _____’ (*LEAG Specimen*)

‘Give **two** functions of the Office of Fair Trading.’ (*NISEC*)

(b) **Data Response or Structured Questions**

These give some information such as a short passage and/or a table of figures. You are then asked questions related to the data. An example from a MEG paper is given below.

Study the information below and answer the following questions.

Extract from
The Guardian September 1987

- By how much did sales increase between 1984 and 1987? Show your working. (2)
- What was the percentage increase in profits between 1986 and 1987? Show your working. (4)
- Pretax profits are before tax is deducted. What is the name of the tax which AMSTRAD pays on its profits? (1)
- The table shows a number of ways in which the size of the business can be measured. Write down **two** other ways in which the size of AMSTRAD can be measured. (2)
- Types of business organisation include: sole trader, partnership, limited company, public limited company and nationalised industry. From the information given, what type of business organisation is AMSTRAD? Give a reason for your choice. (3)

AMSTRAD is active in the video and audio markets. Since 1984 it has also moved into the low-price end of the computer market. It bought out Sinclair Electronics and is now moving into business computing.

- (f) Why do you think AMSTRAD is involved in more than one market? (2)
- (g) (i) Why do you think AMSTRAD had concentrated upon the low-price end of the computer market? (4)
- (ii) Suggest **one** difficulty there might be for AMSTRAD in selling business computers. (1)

(c) Case Studies

These are similar to data response questions but involve more detailed information and questions from a very wide range of the syllabus. In the MEG, NEA and SEG examinations, case studies make up a complete paper. A specimen case study from the NEA syllabus is given below.

Extended Case Study

Read the information given in the boxes and answer the questions which follow.

Canteen supervisor redundant

Sue Brown enjoyed her job as a canteen supervisor in Johnsons cotton mill where she had worked for twelve years. She lived close to the factory. In her job she was responsible for the other canteen staff.

Her job was to plan the menus, buy in food and materials, supervise the cooking, make sure standards of hygiene were high, and to train the staff.

Johnsons had not been doing well for the last few years. Profits were low and the work force had been gradually reduced. However, the news that the factory was to close still hit the town like a bombshell.

- 1 Explain what skills Sue may have gained in carrying out her present work as a supervisor in the kitchen. (16)
- 2 For what reasons might a business like Johnsons have been doing badly enough to decide to close down? (16)
- 3 Many people in the town apart from those working in Johnsons were afraid that their jobs and livelihoods might now be at risk. Why? (20)

The Plan

Sue: 'Well dad, if no-one else will employ me, I'll employ myself. I'll just have to start my own business. There are all kinds of things I can do with my experience, and I'll have £1,500 redundancy money to start me off.'

Dad: 'I wish you luck lass, but I think you might be making a rod for your own back. The risks of failure in small businesses are very high, you know.'

Sue: 'Oh come off it! I'm fed up with working for other people. I know what I'm doing, and anyway, if I start a Limited Company I can only lose the £1,500 redundancy money. Besides, I think I'd really enjoy being my own boss.'

Dad: 'I hope you're right Sue, but remember, Johnson was self-employed himself at one time and look where it got him.'

- 4 Why do people in Sue's situation get redundancy money? (12)
- 5 Why might Sue want to be her own boss? (16)
- 6 What do you think Sue's father means by 'the risks of failure'? (16)

The Decision

Sue considered several possibilities for her own business and eventually followed up an idea for running a stall selling hot dogs and pizzas on the sea front at Blackpool, about 20 miles from home.

The stall cost £3000 to buy and equip; £1000 of this came from her redundancy money and she borrowed the rest from the bank. She agreed to repay the bank loan in two equal instalments, one at the end of the first year and the other at the end of the second year's trading. She prepared a forecast Profit and Loss Account.

Sue's forecast Profit and Loss Account for the first year

	£	£
Sales of hot dogs		6000
Sales of Pizzas		3000
Cost of Pizzas	1000	
Cost of hot dog sausages and rolls	2000	
Cost of hot dog sauces	100	
Wages	3000	
Electricity and Gas	140	
Rent for stall site	520	
Repairs/maintenance	100	
Loan interest	300	
Repayment of loan capital	1000	

- 7 Show your workings in each part of this question.
 - (a) How much did Sue borrow from the bank? (4)
 - (b) What rate of interest was charged by the bank? (4)
 - (c) Using the information shown in the forecast Profit and Loss Account, say what the expected gross profit was on:
 - (i) hot dogs; (8)
 - (ii) pizzas. (8)
 - (d) How much net profit did Sue expect to make in the first year? (8)
- 8 (a) From the information given above, list the kinds of costs that Sue had to pay in:
 - (i) setting up the business;
 - (ii) running the business.

(There is no need to include the amounts.)

 - (b) Why is it difficult to make the distinction between setting up and running costs? (16)
- 9 When Sue applied for another loan to expand after the first year, the bank manager asked her to produce a forecast Profit and Loss Account. How useful would this information be to the bank manager? (20)
- 10 Describe ways in which Sue might increase her profits, pointing out the drawbacks or risks in the methods you describe. (20)

The Structure of Examination Papers

For all syllabuses except that of the NEA, there are different papers for different abilities. This means that you will have to make a decision about whether to take the harder paper in order to have a chance of obtaining the A or B grades. The choice of papers is shown below.

Summary of examination papers

<i>Examining Group</i>	<i>Paper</i>	<i>Time allowed (hours)</i>	<i>% of total marks</i>	<i>Type of questions</i>	<i>Designed for grades</i>	<i>Papers taken</i>
London and East Anglian Group LEAG	1	2	75	Compulsory short answer multiple choice questions	G–D	Candidates take paper appropriate to their expected achievement plus coursework (25%)
	2A	2	75	Section A – short-answer questions 10% Section B – structured questions	F–B	
	3	2	75	Section A – structured questions Section B – open ended questions 30%	D–A*	
Midland Examining Group (MEG)	1	2½	70 (basic scheme)	Compulsory structured response questions	C–G D–A*	Basic scheme – Paper 1 only Candidates expected to gain grades C–G Extended scheme – Papers 1 and 2 Candidates expected to gain grades A–C If a candidate obtains grade C on the basic scheme and a higher grade on the extended scheme, the higher grade will be awarded
	2	1¼	70 (extended scheme)	Written paper based on unseen case study	A*–C	
Northern Ireland Council for the Curriculum, Examinations and Assessment (NICCEA) incorporating NISEC	1	1½	40	Compulsory case study, compulsory short-answer, structured, and essay questions	C–G and A*–E	All candidates take Paper 1 <i>plus</i> Paper 2 and submit coursework
	2	2	40	4 compulsory multi-part questions	C–G and A*–E	
Northern Examinations and Assessment Board (NEAB) incorporating NEA	1	1½	35	3 structured questions based on case studies or stimulus material	A*–G	All candidates take both papers
	1	1½	35	Extended case study	A*–G	

Examining Group	Paper	Time allowed (hours)	% of total marks	Type of questions	Designed for grades	Papers taken
Southern Examining Group (SEG)	1	2	40	5 compulsory questions	A*–G	General level 1– Papers 1 and 2A
	2A	1½	30	Case study given to candidates 3–4 weeks before examination	C–G	Candidates expected to obtain grades C–G Extended level 1– Papers 1 and 2B
	2B	1½	30	Case study given to candidates 3–4 weeks before examination	A*–D	Candidates expected to obtain grades A–D Candidates taking Paper 2B will be ungraded unless they obtain at least grade D
Welsh Joint Education Committee (WJEC)	1	1¼	30	Compulsory structured questions	A*–G	Candidates take Paper 1 <i>plus</i> either Paper 2 (grades C–G) or Paper 3 (grades A–C)
	2	1½	40	Compulsory structured questions	C–G	
	3	1½	40	Compulsory structured questions	A*–C	