

General Certificate of Education (International)  
Advanced Level and Advanced Subsidiary Level

**Syllabus**

**BUSINESS STUDIES 9707**

For examination in June and November 2010

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**Note for Exams Officers:** Before making Final Entries, please check availability of the codes for the components and options in the E3 booklet (titled "Procedures for the Submission of Entries") relevant to the exam session. Please note that component and option codes are subject to change.

# BUSINESS STUDIES

## GCE Advanced Subsidiary Level and GCE Advanced Level 9707

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### Exclusions

This syllabus must not be offered in the same session with the following syllabus:

9379 Management of Business (Singapore)

9756 Management of Business (Singapore)



## INTRODUCTION

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- 1.1 The aim of this syllabus is to enable Centres to develop Business Studies courses that are suitable both for Advanced Level candidates and for those seeking a more limited study of the topic.
- 1.2 Candidates and Centres may choose:
  - to take all Advanced Level components in the same session
  - to follow a **staged** assessment route to the Advanced Level by taking the Advanced Subsidiary qualification in an earlier examination. Subject to satisfactory performance, such candidates are then only required to take the final part of the assessment
  - to take the Advanced Subsidiary qualification only.
- 1.3 No previous study of the subject is assumed by the syllabus.

## SYLLABUS AIMS

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The syllabus is intended to lead to courses that will encourage students:

- 2.1 To understand and appreciate the nature and scope of business, and its role in society.
- 2.2 To develop critical understanding of organisations, the markets they serve and the process of adding value. This should involve consideration of the internal workings and management of organisations and, in particular, the process of decision-making in a dynamic external environment.
- 2.3 To be aware that business behaviour can be studied from a range of stakeholders including customer, manager, creditor, owner/shareholder and employee.
- 2.4 To be aware of the economic, environmental, ethical, governmental, legal, social and technological issues associated with business activity.
- 2.5 To develop skills in:
  - decision-making and problem solving in the light of evaluation;
  - the quantification and management of information, where appropriate;
  - effective communication.

The emphasis should be on the application of concepts and issues to the local context where appropriate.

## ASSESSMENT OBJECTIVES

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Candidates are expected to demonstrate the following skills:

3.1 **Knowledge and critical understanding** of the specified content

3.2 **Application** of this knowledge and critical understanding to problems and issues which are from both familiar and unfamiliar situations

3.3 **Analysis** of problems, issues and situations by

- distinguishing between statements of fact, statements of value and hypothetical statements;
- making valid inferences from material presented;
- examining the implications of a hypothesis;
- organising ideas;
- making valid generalisations.

3.4 **Evaluation** of reliability of material, checking that conclusions drawn are consistent with given information and discriminating between alternative explanations and assessing the role of the main concept and models in business analysis.

3.5 **Specification Grid**

The marks available for each group of skills are as follows:

	<b>Knowledge</b>	<b>Application</b>	<b>Analysis</b>	<b>Evaluation</b>	<b>Total</b>
Paper 1	12 ± 4	12 ± 4	8 ± 4	8 ± 4	40
Paper 2	18 ± 4	18 ± 4	12 ± 4	12 ± 4	60
Paper 3	20 ± 4	20 ± 4	30 ± 4	30 ± 4	100

## **SCHEME OF ASSESSMENT**

### **ADVANCED SUBSIDIARY QUALIFICATION (Core syllabus)**

Paper	Type	Duration	Number of questions	Maximum mark	Weight (% of total marks for the syllabus)
1	Short answer	1 h 15 mins	4	20	20
	Essay (Core)		1 from choice of 3	20	20
2	Data Response	1 h 30 mins	2	60	60

### **ADVANCED LEVEL (Core syllabus plus Extension topics)**

Paper	Type	Duration	Number of questions	Maximum mark	Weight (% of total marks for the syllabus)
1	Short answer	1 h 15 mins	4	20	10
	Essay (Core)		1 from choice of 3	20	10
2	Data Response	1 h 30 mins	2	60	30
3	Case Study	3 h	5 + one essay from choice of two	100	50

**The Advanced Level syllabus INCLUDES the Core (AS) syllabus as well as the additional Advanced Level material.**

# CURRICULUM CONTENT

The Advanced Level syllabus will INCLUDE the Core (AS) syllabus as well as the additional Advanced Level material:

**Advanced Subsidiary Syllabus = Core**

**Advanced Level Syllabus = Core + Extension topics**

CORE	EXTENSION TOPICS
<p><b>1. Business and the Environment</b></p>	
<p>- <i>The need for and nature of business activity</i></p> <p>Level of activity: primary, secondary, tertiary</p> <p>Sector: public; private</p> <p>Legal structure: sole trader; partnership; limited companies (private and public)</p> <p>- <i>Business and economic structure</i></p> <p>Free market enterprise. Other economic systems</p> <p>Nature and scope of international and multinational businesses</p> <p>- <i>Size of business</i></p> <p>Measurement Significance of small businesses State intervention to assist and constrain business of different sizes</p> <p>- <i>Business strategy</i></p> <p>Objectives and constraints: political, legal, physical, technological, social, environmental, ethical, economic, constraints. Public and private sector business objectives</p> <p>- <i>The Internet</i></p> <p>Business opportunities/threats; e-commerce, e-business</p> <p>- <i>Stakeholders</i></p> <p>Owners, employees, customers, suppliers, community, government bodies</p> <p>- <i>Corporate culture and strategy</i></p> <p>Organisation behaviour, method of operation</p>	<p>- <i>Business and economic structure</i></p> <p>Privatisation</p> <p>- <i>Size of business</i></p> <p>The integration of businesses through mergers and take-overs</p> <p>- <i>Business strategy</i></p> <p>Conflict of business objectives</p> <p>Business v State</p> <p>Management by objectives</p> <p>- <i>Corporate culture and strategy</i></p> <p>Link between culture and business behaviour</p>
<p><b>2. People in Organisations</b></p>	
<p>- <i>The need for and nature of organisational structure</i></p> <p>Approaches to organisational structures: functional, matrix structures</p>	<p>- <i>The need for and nature of organisational structure</i></p>

CORE	EXTENSION TOPICS
<p>Organisational structure: formal and informal organisations</p> <p>Features of a formal structure: hierarchy, chain of command, span of control, responsibility, authority, delegation</p> <p>- <i>Motivation, leadership and management</i></p> <p>The need to motivate. Motivation theory. Financial and non-financial motivation</p> <p>Motivation theory and its application to HRM</p> <p>Leadership: qualities, styles, effectiveness, roles</p> <p>- <i>Management</i></p> <p>Definitions. Management functions</p> <p>- <i>Human Resource Management</i></p> <p>Purpose and functions of human resource management</p> <p>Labour/management relations: description of the role of trade unions, reasons for joining a trade union</p>	<p>Formal organisation – accountability, centralisation, decentralisation Line and staff</p> <p>- <i>Motivation, leadership and management</i></p> <p>Appropriateness of leadership styles, informal leadership</p> <p>- <i>Business Communication</i></p> <p>Purpose and methods of communication</p> <p>Barriers to effective communication</p> <p>Lines of communication – one/two way; vertical/horizontal; formal and informal networks</p> <p>- <i>Human Resource Management</i></p> <p>Labour/management relations: labour legislation, collective bargaining, dispute settlement, promotion of co-operation between management and workforce, need for negotiation, evaluation of the role of trade unions</p> <p>Health and safety in the workplace</p> <p>Training</p>
<p><b>3. Marketing</b></p>	
<p>- <i>The nature and definition of the market and the role of marketing</i></p> <p>Breadth of marketing activity and its relationship with other business activities</p> <p>Analysing the market: location, size, segmentation, share, competitors</p> <p>Market research and primary and secondary research, methods of information gathering, sampling methods</p> <p>Niche versus mass marketing</p>	<p>- <i>The nature and definition of the market and the role of marketing</i></p> <p>Marketing planning</p> <p>Market segmentation – appropriateness in different circumstances</p> <p>Market research information: cost effectiveness (treated descriptively)</p> <p>Forecasting (graphical and time series analysis)</p>

CORE	EXTENSION TOPICS
<p>Demand concepts: determinants of demand; price elasticity of demand</p> <ul style="list-style-type: none"> <li>- <i>Product portfolio planning</i></li> </ul> <p>Classification of products</p> <p>Product life cycle; implications for market strategy; research and development</p> <p>Evaluation of the usefulness of product life cycle</p> <ul style="list-style-type: none"> <li>- <i>The Marketing Mix</i></li> </ul> <p>Product, price, distribution channels (place), promotion and packaging</p>	<p>Demand elasticities of income and promotional spending Evaluation of the elasticity technique</p> <ul style="list-style-type: none"> <li>- <i>Product portfolio planning</i></li> </ul> <p>Product development</p> <p>Value analysis</p> <p>Boston Matrix</p> <ul style="list-style-type: none"> <li>- <i>Marketing Strategy</i></li> </ul> <p>Marketing mix within the organisation and in the wider environment</p> <p>The need for strategy to be based on marketing objectives</p> <p>The need for a co-ordinated mix</p>
<p><b>4. Operations Management</b></p>	
<ul style="list-style-type: none"> <li>- <i>Nature of production</i></li> </ul> <p>Location; regional and international location decisions</p> <p>Relation of inputs to outputs subject to cost and other constraints</p> <p>Adding value</p> <p>Local labour market</p> <ul style="list-style-type: none"> <li>- <i>Organising production</i></li> </ul> <p>Work study</p> <p>Production methods</p> <p>Capacity utilisation</p> <p>The use of cost information</p> <p>Break-even analysis – graphical method and simple calculations</p> <p>Evaluation of break-even analysis</p> <p>Stock management</p>	<ul style="list-style-type: none"> <li>- <i>Nature of production</i></li> </ul> <p>The production process</p> <p>Capital versus labour intensity</p> <ul style="list-style-type: none"> <li>- <i>Organising production</i></li> </ul> <p>Scale of operation</p> <p>Production methods</p> <p>Ways of increasing capacity utilisation</p> <p>Approaches to costing: absorption costing, contribution costing (including the solution of numerate problems)</p> <p>Evaluation of costing approaches</p>

CORE	EXTENSION TOPICS
<ul style="list-style-type: none"> <li>- <i>Operational efficiency</i></li> </ul> <p>Scale – economies and diseconomies of scale</p> <p>Lean production – a descriptive treatment only</p> <ul style="list-style-type: none"> <li>- <i>Quality control and assurance</i></li> </ul> <p>Methods of quality control</p>	<p>Lean production – an evaluation, including the appropriateness of JIT in different circumstances</p> <ul style="list-style-type: none"> <li>- <i>Quality control and assurance</i></li> </ul> <p>Continuous improvement, training and development. TQM and QA Standards, benchmarking</p> <ul style="list-style-type: none"> <li>- <i>Production planning</i></li> </ul> <p>Network analysis (CPA)</p> <p>CPA – calculation and application of activity float times</p>
<p><b>5. Business Finance</b></p>	
<ul style="list-style-type: none"> <li>- <i>The need for business finance</i></li> </ul> <p>Start up capital and expansion of the business</p> <p>Capital expenditure and revenue expenditure</p> <p>Working capital – meaning and significance</p> <ul style="list-style-type: none"> <li>- <i>Sources of finance</i></li> </ul> <p>Short and long term sources, both internal and external</p> <ul style="list-style-type: none"> <li>- <i>Money and capital market institutions</i></li> </ul> <p>Banks; specialist institutions</p> <p>Stock exchange</p>	<ul style="list-style-type: none"> <li>- <i>The need for business finance</i></li> </ul> <p>Understanding the significance of the distinction between revenue and capital expenditure.</p> <p>Control of working capital – stock, debtor and creditor control</p> <ul style="list-style-type: none"> <li>- <i>Sources of finance</i></li> </ul> <p>Selecting the appropriate sources of finance – the sources of finance to meet particular requirements</p> <p>The factors influencing the choice of finance – gearing (linking up with ratio analysis), cost, flexibility, need to retain control, use to which finance is to be put</p> <ul style="list-style-type: none"> <li>- <i>Money and capital market institutions</i></li> </ul> <p>World Bank and the International Monetary fund as sources of finance for governments and certain business projects</p>
<p><b>6. Business Accounting</b></p>	
<ul style="list-style-type: none"> <li>- <i>The need for business accounts</i></li> </ul> <p>The main users of published company accounts – internal and external and limitations of these accounts</p> <p>The distinction between financial and management accounting</p> <ul style="list-style-type: none"> <li>- <i>What the published accounts contain</i></li> </ul>	<ul style="list-style-type: none"> <li>- <i>The foundations of accounting (not a core item)</i></li> </ul> <p>Simple treatment of the main concepts and conventions used when drawing up published accounts – double entry, accruals, money measurement, conservatism, realisation. No numerical questions will be set on these</p> <ul style="list-style-type: none"> <li>- <i>What the published accounts contain</i></li> </ul>

CORE	EXTENSION TOPICS
<p>The purpose and structure of balance sheets and profit and loss accounts.</p> <p>Balance Sheets – main asset and liability categories</p> <p>Profit and Loss Accounts – layout and content of simple versions</p> <p>Depreciation provisions – straight line method only</p> <p>- <i>Analysis of published accounts</i></p> <p>Profitability and liquidity ratios only. Calculation from data. Interpretation of results</p> <p>- <i>Investment appraisal</i></p> <p>Forecasting cash flows Quantitative appraisal – payback and average rate of return only Qualitative factors influencing the final investment decision</p> <p>- <i>Managing cash flows</i></p> <p>Purpose of and construction of cash flow forecasts Ways of improving a business' cash flow – description only</p>	<p>Simple amendments of Balance Sheets and Profit and Loss accounts from given data. Construction of balance sheets and profit and loss accounts</p> <p>Cash Flow Statement – description of contents and purpose</p> <p>Depreciation provisions – diminishing balance method. Comparison of the two methods Goodwill Stock valuation – net realisable value only</p> <p>- <i>Analysis of published accounts</i></p> <p>Financial efficiency ratios – stock turnover and debtor days Gearing ratio – long term capital divided by capital employed</p> <p>Investors ratios – dividend yield, dividend cover</p> <p>The limitations of ratio analysis. Trend analysis of ratios and inter firm comparisons</p> <p>- <i>Investment appraisal</i></p> <p>Discounted cash flow and internal rate of return (no calculation of IRR required)</p> <p>- <i>Managing cash flows</i></p> <p>Ways of improving cash flow including debt factoring, leasing, sale and leaseback and improved control of working capital. Evaluation of these</p> <p>- <i>Budgets and budgeting</i></p> <p>The purpose of budgets Interpretation of variances – adverse and favourable but not price/volume analysis</p>
<p><b>7. Information for Decision-making</b></p>	
<p>- <i>Sources and reliability of information</i></p> <p>- <i>Collection of information</i></p> <p>- <i>Presentation of information</i></p> <p>Methods for the visual and graphical presentation of information for business: tables, graphs, piecharts, bar charts, pictograms</p> <p>- <i>Data analysis and evaluation</i></p> <p>Measures of central tendency</p>	<p>- <i>Presentation of information</i></p> <p>Appropriateness of methods of presentation</p> <p>- <i>Data analysis and evaluation</i></p> <p>Decision trees, time series analysis, network analysis, cost benefit analysis, investment appraisal, linear programming – blending technique</p>

# NOTES FOR GUIDANCE

CORE	NOTES FOR GUIDANCE Candidates will be expected to know the following:
<b>1. Business and the Environment</b>	<i>Emphasis should be on the strategic importance of clear objectives. There should be an awareness of how the business environment provides opportunities and imposes constraints on the pursuit of short-term and long-term objectives.</i>
<p>- <i>The need for and nature of business activity</i></p> <p>Level of activity: primary, secondary, tertiary</p> <p>Sector: public; private</p> <p>Legal structure: sole trader; partnership; limited companies (private and public)</p> <p>- <i>Business and economic structure</i></p> <p>Free market enterprise. Other economic systems</p>	<p>A simple understanding of the nature of economic activity and problem of choice</p> <p>A classification of economic activity, e.g. primary, secondary, tertiary with examples drawn from the candidate's own country</p> <p>Public and private sectors of the economy, with examples drawn from the candidate's own country</p> <p>Ability to exemplify each of these from local structures and activity, with examples drawn from the candidate's own country</p> <p>The legal structures which should be studied are:  the sole trader  partnerships  private limited companies  public limited companies  state owned enterprises</p> <p>Main features should be known and main legal elements (no requirement to refer to particular legislation). Among the principles which should be emphasised are:  divorce between ownership and control which develops as structures get larger and more complex  nature of legal personality and limited liability and why they are necessary</p> <p>A simple awareness of free market economies and alternative economic systems</p>

CORE	NOTES FOR GUIDANCE Candidates will be expected to know the following:
<p>Nature and scope of international and multinational businesses</p> <p>- <i>Size of business</i></p> <p>Measurement</p> <p>Significance of small businesses</p> <p>State intervention to assist and constrain business of different sizes</p> <p>- <i>Business strategy</i></p> <p>Objectives and constraints: political, legal, physical, technological, social, environmental, ethical, economic, constraints. Public and private sector business objectives</p>	<p>Importance of both international trading links and multinational companies by reference to local businesses and their management</p> <p>Relationship between multinationals and the nation state</p> <p>Measuring size of a business, different criteria available, e.g. labour force, capitalisation, output, market share and appropriateness of each to different situations</p> <p>Advantages and disadvantages of small businesses</p> <p>Role of the small business both as an independent organisation and as a part of the structure of some industries, e.g. components firms in motor industry, and in engineering generally</p> <p>How the State intervenes to assist or constrain business of different sizes, with particular reference to local schemes of assistance and methods of control</p> <p>Objectives are central to the whole process of decision-making. Candidates will be expected to have a knowledge of the hierarchy of objectives, their nature and the level within the organisation responsible for selecting them</p> <p>Survival and profit</p> <p>Growth as the normal objective, but a particular business may have special objectives at particular times, e.g. market penetration with a new product may be more important than immediate profit</p> <p>Businesses <i>do not always seek to maximise profits</i> but may operate on the basis of a reasonable return on capital employed</p> <p><i>The stages of decision-making</i></p> <p>Different stages of the cycle are most crucial to different types of decision but each stage is important.</p> <p>Surrounding every decision, and hence bound to influence both the way in which it is made, how it can be implemented and its effectiveness, are a number of constraints</p> <p><i>Constraints</i></p> <p>Political</p> <p>Objectives of the State, e.g. stability, growth, standard of life, etc. and the way in which these may require the State to constrain decisions of others. This can be illustrated from a few simple situations and referred to as appropriate in other stages of the syllabus, e.g. location,</p>

CORE	<b>NOTES FOR GUIDANCE</b> <b>Candidates will be expected to know the following:</b>
<p>- <i>The Internet</i></p> <p>Business opportunities/threats; e-commerce, e-business</p>	<p>employment policy, conditions of work, relationships with other businesses, marketing behaviour. This is closely related to:</p> <p><b>Legal</b> The law intervenes both to support and constrain business activity Main legal controls/examples of their local application. Particularly relating to: financial structure; employment; conditions of work; association with other firms; location; marketing. In each of these areas candidates will need to know what is done, but there will be no requirement to quote the actual provisions of the law</p> <p><b>Physical/Technological</b> Problems of change and of adaptation to technologies. Cost of new technology. Resistance to change. Limitations placed upon activity by local and national environment and consequent need for international trading arrangements Constraints arising from reliance upon other business, e.g. sources of raw materials, markets for goods</p> <p><b>Social/Ethical/Environmental</b> Businesses work within an environment where there must be consideration for needs of people in the locality, e.g. pollution by waste material and by noise, and for people in the nation as a whole, e.g. location decisions and decisions about monopoly and mergers. There must also be some products and activities where State control is essential or legal restrictions must be considerable. Candidates will be expected to have an appreciation of the ethical issues involved in business activity</p> <p><b>Economic</b> Macro economic policies of governments and how these may impact on business objectives and strategies including fiscal policy, monetary policy and exchange rates</p> <p>How the Internet changes the way businesses compete. Opportunities for greater market reach, product/service delivery and cost reduction. Threats such as new market entrants (competition) and disintermediation.</p> <p><b>E-commerce/e-business</b> Websites as a channel to market; trading online; using computerised information systems in business processes</p>

CORE	NOTES FOR GUIDANCE Candidates will be expected to know the following:
<p>- <i>Stakeholders</i></p> <p>Owners, employees, customers, suppliers, community, government bodies</p> <p>- <i>Corporate culture and strategy</i></p> <p>Organisation behaviour, method of operation</p>	<p>Groups involved in and affected by business activity e.g. their roles, rights and responsibilities</p> <p>Conflicting and common aims of stakeholders</p>
<p><b>2. People in Organisations</b></p>	<p><i>Students are required to understand the significance of various management and organisation structures for a business and its employees. Students should recognise the opportunities and constraints, in relation to people in organisations, created by the business/legal environment, and to appreciate the contributions of selected management theories.</i></p>
<p>- <i>The need for and nature of organisational structure</i></p> <p>Approaches to organisational structures: functional, matrix structures</p> <p>Organisational structure: formal and informal organisations</p> <p>Features of a formal structure: hierarchy, chain of command, span of control, responsibility, authority, delegation</p>	<p>The relationship between the objectives of the business and its organisational structure. The need to develop a structure which will:</p> <ul style="list-style-type: none"> <li>be flexible</li> <li>meet the needs of the business</li> <li>permit growth and development</li> </ul> <p>Approaches to organisation in larger firms:</p> <ul style="list-style-type: none"> <li>the advantages and disadvantages of hierarchical organisations</li> <li>matrix structure – advantages and disadvantages</li> </ul> <p>The way in which organisational structures change with growth. This can be well illustrated by following a one-man business, e.g. a small snack bar, through stages of growth to a large catering business (or any other business line which it is easy to illustrate locally)</p> <p>Features of the formal structures should begin with an organisation chart. Candidates should be able to draw such a chart and comment upon some of its main features, including the following:</p> <ul style="list-style-type: none"> <li>Delegation: its meaning and advantages and disadvantages</li> <li>Levels of hierarchy: superiors and subordinates</li> <li>Chain of Command</li> <li>Centralisation/decentralisation: what each means with some examples of local activities</li> <li>Span of Control: what it means, with some clear examples</li> </ul>

CORE	NOTES FOR GUIDANCE Candidates will be expected to know the following:
<p>- <i>Motivation, leadership and management</i></p> <p>The need to motivate. Motivation theory</p> <p>Financial and non-financial motivation</p> <p>Motivation theory and its application to HRM</p> <p>Leadership: qualities, styles, effectiveness, roles</p> <p>- <i>Management</i></p> <p>Definitions. Management functions</p>	<p>Simple understanding of human needs. Maslow's pyramid of needs may be found helpful in teaching this</p> <p>Which needs do people seek to satisfy in the work situation?</p> <p>Consideration of why people work, especially for reasons beyond the need for money</p> <p>Motivation in theory: the works of leading theorists which might include Taylor, Mayo and Herzberg. Other relevant references will be credited</p> <p>McGregor's Theory X and Theory Y as a basis for later discussion of leadership</p> <p>Motivation in practice  Financial: methods of payment, additional financial rewards  Non-financial motivation: training, effective induction; opportunities for promotion, development, status, job re-design; team working; empowerment; job enrichment  Participation and team working</p> <p>Discussion of the appropriateness of motivation theory and methods in different circumstances</p> <p>The purpose of leadership and attitudes to it</p> <p>The qualities of a good leader  Leadership styles: autocratic, democratic, laissez-faire  Most important leadership roles in business, e.g. supervisors; managers, directors, worker-representatives</p> <p>The main functions of management</p> <p>Managers as leaders: delegation; chairmanship; recruitment; negotiation; discipline; communication</p> <p>Development of management theory and practice</p>

CORE	NOTES FOR GUIDANCE Candidates will be expected to know the following:
<p>- <i>Human Resource Management</i></p> <p>Purpose and functions of human resource management</p> <p>Labour/management relations</p>	<p>In considering this section, emphasis should be placed upon local conditions and procedures, and what is sought is an understanding of the main features of the HRM function in a business rather than any detailed knowledge of terminology or specific working practices</p> <p>Purpose – definition of the function</p> <p>Role – human resource planning; recruitment, selection, training, induction, advisory role, guidance roles</p> <p>Organisation – the objectives of human resource management and the organisation it needs to achieve these</p> <p>Manpower – determining the demand for personnel; discovering the supply; job descriptions and job advertisement. Employment, contracts of employment, discipline, employee welfare, redundancy and dismissal, morale</p> <p>Description of the role of trade unions. Reasons for joining a trade union</p>
<p><b>3. Marketing</b></p>	<p><i>Study should focus on the processes of finding and satisfying customers with an emphasis on marketing objectives, strategy and tactics.</i></p>
<p>- <i>The nature and definition of the market and the role of marketing</i></p> <p>Breadth of marketing activity and its relationship with other business activities</p> <p>Analysing the market: location, size, segmentation, share, competitors</p>	<p>The nature and definition of the market and of particular markets. Understanding of a market as a process rather than as a place. The role of marketing and the need for most firms in the modern world to be market-orientated</p> <p>Marketing and its inter-relationship with other business activities e.g. production</p> <p>Analysing the market for a product. Whilst this can be taught in general theoretical terms, it is best taught with reference to specific local and national products and the way their markets were discovered and developed</p> <p><i>Location of market and its nature</i> e.g. consumers/producers; national/regional; international</p> <p><i>Size of market</i> The importance of growth decline, technological change, fashion, cultural and demographic factors</p> <p><i>Segments</i> Meaning of market segmentation. How markets can be segmented e.g. by region, by age, by income, by occupation, by ethnic or other characteristics of the customer, etc.</p> <p><i>Share</i> Distinction between market size and market share</p> <p><i>Competitors</i> The significance of competition within markets</p>

CORE	NOTES FOR GUIDANCE Candidates will be expected to know the following:
<p>Niche versus mass marketing</p> <p>Market research and primary and secondary research, methods of information gathering, sampling methods</p> <p>Demand concepts: determinants of demand; price elasticity of demand</p> <p>- <i>Product portfolio planning</i></p> <p>Classification of products</p> <p>Product life cycle; implications for market strategy; research and development</p> <p>Evaluation of the usefulness of product life cycle</p> <p>- <i>The Marketing Mix</i></p> <p>Product, price, distribution channels (place), promotion and packaging</p>	<p>Business benefits and limitations of niche v mass marketing</p> <p><i>Market research and market information</i> Primary and secondary research to discover the market. Methods of information-gathering including questionnaires, interviews and consumer panels. Methods of sampling and the appropriateness of each to different circumstances (random, stratified and quota sampling only). Sample size</p> <p><i>Demand</i> Determinants of demand. This should include an ability to produce local examples of products for which certain considerations are more appropriate than others, e.g. the special markets created by young people and by the elderly. Price elasticity of demand. Simple calculations and interpretation of results</p> <p>Consumer goods; producer goods</p> <p>Product life cycle: what it is and implications of a known cycle for market strategy. How and why product life cycles vary</p> <p>Candidates should understand this concept, the stages of a typical cycle, why cycles vary from one product to another. They should be able to draw a likely life cycle for a particular product and explain the relative importance of each stage. They should be able to make reasoned judgements of likely action at a given stage of a life cycle</p> <p>Evaluation of the usefulness of the product life cycle concept to functional managers</p> <p><i>Packaging</i> The functions of packaging</p> <p><i>Promotion</i> Above and below the line, including advertising media and agencies. How marketing budgets might be determined</p> <p><i>Pricing decisions</i> The influence of costs, competition, demand, market conditions, business objectives</p> <p>Candidates should be aware of alternative pricing strategies and be able to argue a likely strategy in a given situation</p> <ul style="list-style-type: none"> <li>competitive pricing</li> <li>penetration price strategy</li> <li>skimming price strategy</li> <li>price discrimination</li> </ul>

CORE	<b>NOTES FOR GUIDANCE</b> <b>Candidates will be expected to know the following:</b>
	<p>In addition the methods of cost plus and contribution pricing</p> <p><i>Distribution</i> Channels of distribution available to a business. How the choice is made considering:</p> <ul style="list-style-type: none"> <li>Products</li> <li>costs involved</li> <li>nature of markets and their location</li> <li>present distribution methods of the firm</li> <li>methods adopted by competitors</li> <li>segments of the market sought</li> </ul> <p>This study does not include a detailed consideration of retail and wholesale outlets but is primarily concerned with the distribution choice which is open to the business, and the most appropriate channels for given circumstances</p> <p>Candidates are expected to gain an understanding of marketing in an integrated context within the organisation and the wider environment. The ability to consider the marketing mix of businesses in given situations and given budgets and to evaluate these in the light of business objectives will also be required</p>
<b>4. Operations Management</b>	<p><i>Study should focus on the way organisations use inputs and manage business processes efficiently to satisfy customers.</i></p>
<p>- <i>Nature of production</i></p> <p>Location; regional and international location decisions</p> <p>Relation of inputs to outputs subject to cost and other constraints, adding value. Local labour market</p> <p>- <i>Organising production</i></p>	<p>This section should be closely linked with marketing and is best taught at the same time, since many of the issues overlap</p> <p>Location – factors which determine (a) location and (b) relocation, and which factors are most important in given circumstances. The influence of the State and other constraining influences upon this decision</p> <p>Conversion of inputs to outputs and the concept of ‘added value’. Appreciation that all activity which adds to value of a product, or promotes its availability to the consumer, is production. How the local labour market can influence a firm’s ability to convert inputs into outputs.</p> <p><i>What shall be produced?</i> Consumer research; consideration of the resources available and what alternative uses they may have; the need for flexibility and innovation in a rapidly changing world</p> <p><i>The costs of production</i></p> <p>Classification of costs – the economists’ view: Fixed; Variable; Marginal  – the producers’ view: Direct and Indirect</p>

CORE	NOTES FOR GUIDANCE Candidates will be expected to know the following:
<p>Work study</p> <p>Production methods</p> <p>Capacity utilisation</p> <p>The use of cost information</p> <p>Break-even analysis – graphical method and simple calculations</p> <p>Evaluation of break-even analysis</p> <p>Stock management</p> <p>- <i>Operational efficiency</i></p> <p>Scale – economies and diseconomies of scale</p> <p>Lean production</p>	<p>Candidates should be able to exemplify and define these, as well as to appreciate some of the problems associated with allocating costs in this way</p> <p>An understanding of how work study might be implemented and the usefulness of the results of work study with particular reference to effect on productivity and workforce motivation</p> <p>Job, batch and flow</p> <p>Capacity utilisation – meaning and measurement</p> <p>The need for accurate cost data: Pricing decisions Calculating profits Determining resources requirements at different levels of output Payment to factors, particularly productivity agreements or bonuses Controlling business activity</p> <p><i>Break-even analysis.</i> Using cost and revenue data to determine the minimum level of production necessary to break even in given circumstances and the probable profit thereafter. Using this knowledge to solve simple problems</p> <p>Role and purpose of stock within businesses. Costs and benefits of holding stock and need to control stock levels. Appreciation of the essential problem of minimising the stock holding costs whilst reducing the chance of a ‘stock out’ decision. Descriptive treatment of the main methods of stock control including JIT and of the factors which a firm will take into account when determining the level of stock to be held</p> <p><i>Appropriate methods of production and the scale of operations.</i> Economies to be gained/diseconomies suffered as a result of large-scale production; whether or not new technology should be implemented and the best way of effecting this; labour intensity; capital intensity</p> <p>A descriptive treatment only</p>

<b>CORE</b>	<b>NOTES FOR GUIDANCE</b> Candidates will be expected to know the following:
<p>- <i>Quality control and assurance</i></p> <p>Methods of quality control</p>	<p>What Quality Control is, i.e. determining a level of quality and working to those standards. Methods of Quality Control, e.g. inspection, testing, random sampling, involving the workforce in making their own decisions about this. Quality assurance standards</p>
<b>5. Business Finance</b>	<i>Emphasis should be on the different sources of business finance.</i>
<p>- <i>The need for business finance</i></p> <p>Start up capital and expansion of the business</p> <p>Capital expenditure and revenue expenditure</p> <p>Working capital</p> <p>- <i>Sources of finance</i></p> <p>Short and long term sources</p> <p>Internal and external sources</p> <p>- <i>Money and capital market institutions</i></p>	<p>The different circumstances in which new and existing business require finance</p> <p>The distinction between capital and revenue expenditure and the reasons why different sources are likely to be appropriate</p> <p>The meaning and significance of working capital. The management of working capital – treated descriptively</p> <p>The distinction between short and long term sources of finance. Internal sources – retained profits and sale of assets. External – share capital, ordinary and preference (not cumulative); venture capital loan capital-overdrafts, bank loans, debentures</p> <p>Banks and specialist lending institutions such as Merchant banks and Finance houses. The functions of these and the services they provide. Capital market – the role and significance of the Stock Exchange – examples drawn from candidate's own country are encouraged</p>
<b>6. Business Accounting</b>	<i>Emphasis should be on the use of accounting and financial information as an aid to decision-making and financial control.</i>
<p>- <i>The need for business accounts</i></p> <p>The main users of published company accounts – internal and</p>	<p>Candidates should be aware of the main stakeholder groups with an interest in a business' published accounts. The specific information looked for by each group and the limitations of the usefulness of published accounts: may be out of date by the time they are used, absence of qualitative</p>

CORE	NOTES FOR GUIDANCE Candidates will be expected to know the following:
external and limitations of these accounts	data about company performance such as health and safety and environmental record, possibility of window dressing of accounts, no detailed accounts for each product and division
<p>The distinction between financial and management accounting</p> <p>- <i>What the published accounts contain</i></p>	A simple recognition of the main distinctions between management and financial accounting
The purpose and structure of balance sheets and profit and loss accounts	Candidates will be expected to draw up straightforward accounts from given data and to amend existing accounts based on data given
Balance Sheets – main asset and liability categories	Candidates should be able to understand the main sections of a published balance sheet
Profit and Loss Accounts – layout and content of simple versions	The main features of published profit and loss accounts – turnover, cost of goods sold, overhead expenses, gross profit, net profit, dividends and retained profit. Simple amendments based on data given will be required
<p>Depreciation provisions – straight line method only</p> <p>- <i>Analysis of published accounts</i></p>	Depreciation – simple calculations of depreciation using the straight line method. An understanding of the importance of depreciation to both the profit and loss accounts and the balance sheet
<p>Profitability and liquidity ratios only. Calculation from data. Interpretation of results</p> <p>- <i>Investment appraisal</i></p>	The emphasis should be on the concepts of liquidity and profitability but calculations will be required. Liquidity – Acid test and current ratio. How a business might improve its liquidity Profitability – Return on capital employed, gross and net profit margins. Interpretation of results
Forecasting cash flows	An awareness of the uncertainty regarding the calculation of future cash flows
Quantitative appraisal – payback and average rate of return only	The calculation and evaluation of the payback and average rate of return techniques
Qualitative factors influencing the final investment decision	An understanding of the qualitative factors which might influence investment decisions in given situations

CORE	NOTES FOR GUIDANCE Candidates will be expected to know the following:
<ul style="list-style-type: none"> <li>- <i>Managing cash flows</i></li> </ul> <p>Cash flow forecasts</p> <p>Ways of improving a business' cash flow – description only</p>	<p>Drawing up simple cash flow forecasts based on given data. Amending forecasts provided in the light of changes in business circumstances</p> <p>Ways of increasing cash inflow from debtors or reducing cash outflow by reducing costs or extending credit periods – description only required</p>
<p><b>7. Information for Decision-making</b></p>	<p><i>The emphasis should be on the main sources of collecting and presenting statistical data frequently used in business. The use of simple decision-making and planning techniques.</i></p>
<ul style="list-style-type: none"> <li>- <i>Sources and reliability of information</i></li> <li>- <i>Collection of information</i></li> <li>- <i>Presentation of information</i></li> <li>- <i>Data analysis and evaluation</i></li> </ul> <p>Measures of central tendency</p> <ul style="list-style-type: none"> <li>- <i>Break-even charts</i></li> <li>- <i>Investment Appraisal</i></li> </ul>	<p>The main national and international sources of information. Candidates do not need to be able to refer to sources in detail but are expected to make sensible suggestions as to where information may be sought in a given situation, and what its value and reliability may be. The limitations of using purely numerate data when making decisions and of ways in which such data may be misused</p> <p>Market research techniques (see section 3)</p> <p>Main methods for the visual presentation of information i.e. tables, graphs, pie charts, bar charts and pictograms. The ability to interpret information presented in different formats will be required, though there will be no requirement for candidates to construct pie charts, bar charts or pictograms</p> <p>Calculation of the mean, median and mode from ungrouped frequency distributions. Calculation of the mean only from grouped frequency distributions. The use of these measures in given situations</p> <p><i>see Operations Management section</i></p> <p><i>see Business Accounting section</i></p>

<b>EXTENSION TOPICS (IN ADDITION TO CORE SYLLABUS)</b>	<b>NOTES FOR GUIDANCE</b> <b>Candidates will be expected to know the following:</b>
<b>1. Business and the Environment</b>	<i>In relation to various business situations, students are required to recognise potential conflict between the objectives of different stakeholder interests and suggest and evaluate resolutions to such conflict. Students should be required to recognise the inter-relationship between objectives and an uncertain business environment and to devise and evaluate strategies which aim to anticipate, respond to and manage change.</i>
<ul style="list-style-type: none"> <li>- <i>Business and economic structure</i></li> </ul> Privatisation <ul style="list-style-type: none"> <li>- <i>Size of Business</i></li> </ul> The integration of businesses through mergers and take-overs <ul style="list-style-type: none"> <li>- <i>Business strategy</i></li> </ul> Conflict of business objectives  Business v State  Management by objectives <ul style="list-style-type: none"> <li>- <i>Corporate culture and strategy</i></li> </ul> Link between culture and business behaviour	Privatisation – reasons for impact on business objectives and efficiency  Types of and reasons for integration of businesses: horizontal, vertical (forward and backward), lateral. Why integration often fails to achieve objectives  Business objectives are not always of the same degree of importance and may even conflict from time to time, hence priorities have to be established. The need for realistic objectives and for their communication to the workforce in a manner which they can understand and work towards  The need to translate objectives into targets and budgets so that they may become effective planning bases  Consideration of the objectives of business as compared with those of the State, and conflicts and common interests which might be expected to develop  Management by objectives as a means of ensuring and developing a more effective management team  Objectives and culture influence behaviour and decision-making both at individual level and at organisational level Understand that strategy arises from objectives

<b>EXTENSION TOPICS (IN ADDITION TO CORE SYLLABUS)</b>	<b>NOTES FOR GUIDANCE</b> Candidates will be expected to know the following:
<b>2. People in Organisations</b>	<i>Students are required to understand the inter-relationships between organisational structure, leadership style and motivation in a business, and to evaluate the implications of these for the effective planning and management of human resources.</i>
<p>- <i>The need for and nature of organisational structure</i></p> <p>Formal organisation</p> <p>Line and staff</p> <p>- <i>Motivation, leadership and management</i></p> <p>Appropriateness of leadership styles, informal leadership</p> <p>- <i>Business Communication</i></p> <p>Purpose of communication</p> <p>Barriers to effective communication</p> <p>Methods of communication</p>	<p>Accountability: not just in monetary terms. How superiors check the work of subordinates. How work and progress is assessed</p> <p>Centralisation: the advantages and disadvantages of centralisation for management, workers including managers, and customers</p> <p>Line and staff: what is the distinction between line and staff, with appropriate examples; conflict between line and staff managers</p> <p>Delegation: conflicts that might arise between control and trust: impact on motivation. The difference between authority and responsibility</p> <p>Chain of command: problems associated with chain of command which is too long/too short</p> <p>Span of control: relationship between levels of hierarchy and span of control</p> <p>The appropriateness of different leadership styles in different circumstances</p> <p>Informal leadership and its influence on the working of a business</p> <p>Purpose of communication, i.e. to ensure the desired response. Simple examples to show this</p> <p>Barriers to effective communication, attitudes, perceptions, noise, inappropriate media etc.</p> <p>Communication methods; all the standard methods considered: interpersonal, general, and to and within groups</p> <p>Methods should be considered from the point of view of the strengths and weaknesses of each one, their relative appropriateness in different circumstances and for different people</p>

<b>EXTENSION TOPICS (IN ADDITION TO CORE SYLLABUS)</b>	<b>NOTES FOR GUIDANCE</b> Candidates will be expected to know the following:
<p>Lines of communication – one/two way; vertical/horizontal; formal and informal networks</p> <p>- <i>Human Resource Management</i></p> <p>Labour/management relations</p> <p>Job evaluation</p> <p>Health and safety in the workplace</p> <p>Training</p>	<p>The appropriateness of communication methods and communication nets to different business circumstances</p> <p>Communication within a formal organisation. One-and two-way communication. Problems of communicating upwards; vertical and horizontal communication. The development of informal channels of communication and the effect this may have on efficiency and the people involved. Role of management in facilitating communication</p> <p>Labour legislation, collective bargaining, dispute settlement, promotion of co-operation between management and workforce, need for negotiation. Evaluation of the role of trade unions in labour/management relations. Reasons for joining. Conciliation and arbitration. Single union deals</p> <p>The necessity for job evaluation and its link with payments, responsibilities, and recruitment. Work study, treated descriptively as a method of job evaluation</p> <p>Health and Safety: what the law says, and some consideration of the problems of health and safety which must be faced on the shop floor. Role of personnel department with relation to this, particularly training, education, provision of facilities, dealing with problems</p> <p>Training: an evaluation of different training methods and the importance of training in establishing a flexible workforce</p>
<b>3. Marketing</b>	<p><i>Students should be able to analyse and evaluate the potential of different marketing strategies, tactics and techniques for enabling business to identify and adapt to changing market opportunities and achieve their objectives.</i></p>
<p>- <i>The nature and definition of the market and the role of marketing</i></p> <p>Marketing planning</p> <p>Market segmentation</p> <p>Market research information: cost effectiveness (treated descriptively)</p>	<p>A detailed statement of the company's market strategy. The benefits of having a detailed plan</p> <p>A discussion of the appropriateness of market segmentation in different circumstances</p> <p>Issues of cost, effectiveness and reliability in data collection</p>

<b>EXTENSION TOPICS (IN ADDITION TO CORE SYLLABUS)</b>	<b>NOTES FOR GUIDANCE</b> Candidates will be expected to know the following:
<p>Forecasting (graphical and time series analysis)</p> <p>Demand elasticities of income and promotional spending</p> <p>Evaluation of the elasticity technique</p> <p>- <i>Product portfolio planning</i></p> <p>Product development</p> <p>Value analysis</p> <p>Boston Matrix</p> <p>- <i>Marketing strategy</i></p> <p>Marketing mix within the organisation and in the wider environment</p> <p>The need for strategy to be based on marketing objectives</p> <p>The need for a co-ordinated mix</p>	<p><i>Forecasting</i> Need for forecasts in order to plan. The information upon which forecasting can be based. Graphical and trend analysis methods of forecasting. Simple moving average calculations to establish trends and seasonal variations</p> <p>Elasticity of demand (income, cross and promotional spending). Simple calculation and interpretation of results. Significance of demand elasticities to marketing decisions</p> <p>Evaluation of the usefulness of elasticity concept</p> <p>The development of a product from original concept. Sources of new product ideas. The importance of research and development</p> <p>Value analysis – an appreciation of its usefulness in product development</p> <p>Product portfolio analysis – evaluation of the usefulness of the Boston Matrix</p> <p>Evaluation of a marketing plan in relation to objectives and the wider environment, e.g. competitors and the economy and the need for a co-ordinated marketing mix</p> <p>Market strategies should be focused towards achieving marketing objectives</p>
<b>4. Operations Management</b>	<i>Students should analyse and evaluate the use of different operations management tools to enhance decision-making in order to improve efficiency and quality.</i>
<p>- <i>Nature of production</i></p> <p>The production process</p> <p>Capital versus labour intensity</p>	<p>This section should be closely linked with marketing and is best taught at the same time, since many of the issues overlap</p> <p>The processes of production from research and development through to the final product. Link up here with value analysis considered earlier and with work study</p> <p>An understanding of the benefits and limitations of capital and labour intensive production processes. An ability to justify the appropriateness of each method in a given situation</p>

EXTENSION TOPICS (IN ADDITION TO CORE SYLLABUS)	NOTES FOR GUIDANCE Candidates will be expected to know the following:
<p>- <i>Organising production</i></p> <p>Scale of operation</p> <p>Production methods</p> <p>Ways of increasing capacity utilisation</p> <p>Approaches to costing: absorption costing, contribution costing (including the solution of numerate problems) Evaluation of costing approaches</p> <p>Lean production</p> <p>- <i>Quality control and assurance</i></p> <p>Continuous improvement, training and development. TQM and QA Standards, benchmarking</p> <p>- <i>Production planning</i></p> <p>Network analysis (CPA)</p> <p>CPA – calculation and application of activity float times</p>	<p>Discuss and justify how a business might decide to organise its productive function in a given situation; Kaizen – continuous improvement</p> <p>An evaluation of the appropriateness of job, batch and flow methods in different situations</p> <p>Methods of allocating overheads</p> <p>e.g. rationalisation; sub contracting</p> <p><i>Absorption costing</i> Nature of this technique involving allocation of all costs to units of output. Circumstances in which this method is appropriate</p> <p><i>Contribution costing</i> Nature of this technique based only on the variable costs of production. Consideration of situations for which this costing approach is suitable. Understanding of limitations of this approach and situations in which it would not be used. Simple calculations involving accept or reject order decisions</p> <p>An evaluation, including the appropriateness of JIT in different circumstances</p> <p>Total Quality Management (TQM). Kaizen groups – continuous improvement</p> <p>The importance of benchmarking in setting standards</p> <p>Whilst candidates should appreciate the need for Quality Control and the general methods which may be employed, the mathematics of the methods will not be required</p> <p>An understanding of the main elements of a network diagram i.e. activities, dummy activities and nodes. Calculation of minimum project duration and identification and significance of ‘critical path’</p> <p>Calculation of total and free float. The importance of project management and how both total float and free float might be used</p>

<b>EXTENSION TOPICS (IN ADDITION TO CORE SYLLABUS)</b>	<b>NOTES FOR GUIDANCE</b> Candidates will be expected to know the following:
<b>5. Business Finance</b>	<i>Emphasis should be on the different sources of business finance and the suitability of each in different circumstances.</i>
<p>- <i>The need for business finance</i></p> <p>Capital v revenue expenditure</p> <p>Control of working capital – stock, debtor and creditor control</p> <p>- <i>Sources of finance</i></p> <p>Selecting the appropriate sources of finance</p> <p>The factors influencing the choice of finance</p> <p>- <i>Money and capital market institutions</i></p> <p>World Bank and the International Monetary fund as sources of finance for governments and certain business projects</p>	<p>Understanding the significance of the distinction between revenue and capital expenditure</p> <p>An understanding of the methods a business might use to improve the control of its working capital. Links here should be made with stock management and debtor/creditor control</p> <p>Candidates will be expected to have a sound grasp of all sources of business finances and to evaluate the appropriateness of each of these in different business circumstances</p> <p>Candidates will be expected to discuss the factors influencing the final choice of sources of finance to be used in different business circumstances e.g. cost, flexibility, need to retain control, use to which finance is to be put. Importance of gearing</p>
<b>6. Business Accounting</b>	<i>Students should use a range of performance measures critically and evaluate the appropriateness of different financial techniques in shaping decision-making in the context of wider strategic objectives of business.</i>
<p>- <i>The foundations of accounting</i></p> <p>Simple treatment of the main concepts and conventions used when drawing up published accounts – double entry,</p>	Definitions only will be required. No numerical questions will be set on these

EXTENSION TOPICS (IN ADDITION TO CORE SYLLABUS)	NOTES FOR GUIDANCE Candidates will be expected to know the following:
<p>accruals, money measurement, conservatism, realisation. No numerical questions will be set on these</p> <p>- <i>What the published accounts contain</i></p> <p>Simple amendments of Balance Sheets and Profit and Loss accounts from given data. Construction of simple balance sheets and profit and loss accounts</p> <p>Cash Flow Statement – description of contents and purpose</p> <p>Depreciation provisions – diminishing balance method. Comparison of the two methods</p> <p>Goodwill</p> <p>Stock valuation – net realisable value only</p> <p>- <i>Analysis of published accounts</i></p> <p>Financial efficiency ratios – stock turnover and debtor days. Gearing ratio – long term capital divided by capital employed. Investors ratios – dividend yield, dividend cover. The limitations of ratio analysis. Trend analysis of ratios and inter firm comparisons</p>	<p>Candidates will not be expected to have knowledge of complex accounts or partnership accounts</p> <p>Simple amendments will be required on the basis of data provided e.g. adjusting the value of fixed assets in the light of depreciation and/or revaluation</p> <p>An evaluation of the two depreciation methods. Simple calculations will be required but the calculation of the percentage needed for diminishing balance will not be required</p> <p>The treatment of goodwill on published accounts</p> <p>LIFO and FIFO valuation of stocks will not be examined</p> <p>A thorough understanding of the uses and limitations of ratio analysis will be expected. Candidates will be examined on the meaning of ratio results and on how the financial efficiency, gearing and investor ratios might be changed as a consequence of management action e.g. deciding to raise capital from share issue rather than loans or a decision to raise the dividend payment whilst profits are not rising</p>

<b>EXTENSION TOPICS (IN ADDITION TO CORE SYLLABUS)</b>	<b>NOTES FOR GUIDANCE</b> Candidates will be expected to know the following:
<p>- <i>Investment appraisal</i></p> <p>Discounted cash flow and internal rate of return (no calculation of IRR required)</p> <p>- <i>Managing cash flows</i></p> <p>Ways of improving cash flow including debt factoring, leasing, sale and leaseback and improved control of working capital. Evaluation of these</p> <p>- <i>Budgets and budgeting</i></p> <p>The purpose of budgets</p> <p>Interpretation of variances – adverse and favourable but not price/volume analysis</p>	<p>The calculation of NPV will be examined from simple data. The calculation of IRR will not be examined but a descriptive understanding of the result will be expected. Evaluation of all four approaches to investment appraisal. Recognition of the importance of qualitative factors in the decision e.g. business objectives and the degree of risk acceptable to managers</p> <p>An evaluation of these methods of improving cash flow</p> <p>The purpose of budgetary control. Benefits and drawbacks from the use of budgets. How budgets may be established. Descriptive treatment of flexible budgets and zero budgeting</p> <p>Interpretation of variances – both adverse and favourable. Questions will not be set which require candidates to numerically analyse variances into price, volume etc. variances</p>
<b>7. Information for Decision-making</b>	<i>Emphasis will be placed on the use of models in business situations and an evaluation of their effectiveness.</i>
<p>- <i>Presentation of information</i></p> <p>Appropriateness of methods of presentation</p> <p>- <i>Data analysis and evaluation</i></p> <p>Decision trees, time series analysis, network analysis, cost benefit analysis, investment appraisal, linear programming –</p>	<p>An evaluation of the appropriateness of methods of presentation in given situations</p> <p><i>Most of the techniques required are included in other areas of the syllabus, for which guidance has been provided</i></p> <p>Decision trees – the construction and use of decision trees, including simple probability</p> <p>Time series analysis (see Marketing section) – note construction of index numbers is not required</p>

<b>EXTENSION TOPICS (IN ADDITION TO CORE SYLLABUS)</b>	<b>NOTES FOR GUIDANCE</b> Candidates will be expected to know the following:
blending technique	<p>Network analysis (see Operations Management section)</p> <p>Cost-benefit analysis – descriptive treatment only is required</p> <p>Investment appraisal (see Business Accounting section)</p> <p>Linear programming – blending method. Candidates will be expected to solve simple problems using graphical analysis</p>

## RESOURCE LIST

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Some of these can be used as textbooks for a course, while others are intended for reference and selected readings. The inclusion of books in this list does not imply a recommendation. It is simply a list from which teachers may like to select.

### Endorsed Texts

Peter Stimpson Business Studies AS and A level, 2004, Cambridge University Press, 0521003679

### Introductory Texts

Peter Stimpson and Karen Borrington IGCSE Business Studies, 3<sup>rd</sup> edition, 2006, John Murray, 034092649

Chris Nuttall IGCSE Business Studies, 2002, Cambridge University Press, 0521750954

### General Texts

M Barratt and A Mottershead A level Business Studies Students' Book, 2000, Longman, 0582405475

Ian Dorton and Alex Smith Business Studies, 1998, Hodder & Stoughton, 0340674016

David Dyer, Ian Dorton, Peter Stimpson and David Grainger Business Strategy for AS, 2000, Cambridge University Press, 0521786061

David Dyer and Peter Stimpson Business Strategy for A2, 2001, Cambridge University Press, 0521003652

Andrew Gillespie Advanced Business Studies Through Diagrams, 2001, Oxford University Press, 0198328362

Hall, Raffo, Jones Business Studies, 2004, Causeway Press, 1902796845

B R Jewell An Integrated Approach to Business Studies: Students' Book, 4<sup>th</sup> edition, 2000, Longman, 0582405424

B R Jewell An Integrated Approach to Business Studies: Lecturer's Guide, 4<sup>th</sup> edition, 2000, Longman, 0582405432

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tel. 01869 338652, fax. 01869 337590, email [sales@philipallan.co.uk](mailto:sales@philipallan.co.uk), [www.philipallan.co.uk](http://www.philipallan.co.uk)

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