

# INTERNATIONAL ADVANCED LEVEL

# BUSINESS

# SPECIFICATION

Pearson Edexcel International Advanced Subsidiary in Business (XBS11)

Pearson Edexcel International Advanced Level in Business (YBS11)

First teaching September 2018

First examination from January 2019

First certification from August 2019 (International Advanced Subsidiary) and August 2020 (International Advanced Level)



## **Edexcel, BTEC and LCCI qualifications**

Edexcel, BTEC and LCCI qualifications are awarded by Pearson, the UK's largest awarding body offering academic and vocational qualifications that are globally recognised and benchmarked. For further information, please visit our qualification website at [qualifications.pearson.com](http://qualifications.pearson.com). Alternatively, you can get in touch with us using the details on our contact us page at [qualifications.pearson.com/contactus](http://qualifications.pearson.com/contactus)

## **About Pearson**

Pearson is the world's leading learning company, with 35,000 employees in more than 70 countries working to help people of all ages to make measurable progress in their lives through learning. We put the learner at the centre of everything we do, because wherever learning flourishes, so do people. Find out more about how we can help you and your learners at [qualifications.pearson.com](http://qualifications.pearson.com)

## *Acknowledgements*

This specification has been produced by Pearson on the basis of consultation with teachers, examiners, consultants and other interested parties. Pearson would like to thank all those who contributed their time and expertise to the specification's development.

*References to third party material made in this specification are made in good faith. Pearson does not endorse, approve or accept responsibility for the content of materials, which may be subject to change, or any opinions expressed therein. (Material may include textbooks, journals, magazines and other publications and websites.)*

*All information in this specification is correct at time of going to publication.*

ISBN 978 1 4469 4957 3

All the material in this publication is copyright  
© Pearson Education Limited 2017

# Contents

---

<b>About this specification</b>	<b>2</b>
Why choose Edexcel qualifications?	4
Why choose Pearson Edexcel International Advanced Subsidiary/Advanced Level qualifications in Business?	5
Supporting you in planning and implementing these qualifications	7
Qualification at a glance	8
<b>Business content</b>	<b>11</b>
Unit 1: Marketing and people	12
Unit 2: Managing business activities	20
Unit 3: Business decisions and strategy	26
Unit 4: Global business	33
<b>Assessment information</b>	<b>38</b>
<b>Administration and general information</b>	<b>41</b>
Entries and resitting of units	41
Access arrangements, reasonable adjustments, special consideration and malpractice	41
Awarding and reporting	43
Student recruitment and progression	45
<b>Appendices</b>	<b>47</b>
Appendix 1: Codes	48
Appendix 2: Pearson World Class Qualification design principles	49
Appendix 3: Transferable skills	51
Appendix 4: Level 3 Extended Project qualification	52
Appendix 5: Glossary	55
Appendix 6: Command words	56
Appendix 7: Quantitative skills	57
Appendix 8: Glossary of International Accounting Standards	58
Appendix 9: Financial statements and accounting ratios	60
Appendix 10: Use of calculators	61

# About this specification

---

The Pearson Edexcel International Advanced Subsidiary in Business and the Pearson Edexcel International Advanced Level in Business are part of a suite of International Advanced Level qualifications offered by Pearson.

These qualifications are not accredited or regulated by any UK regulatory body.

## Key features

This specification includes the following key features.

### Structure

The Pearson Edexcel International Advanced Subsidiary in Business and the Pearson Edexcel International Advanced Level in Business are modular qualifications.

The Advanced Subsidiary can be claimed on completion of the International Advanced Subsidiary (IAS) units.

The International Advanced Level can be claimed on completion of all the units (IAS and IA2 units).

### Content

These qualifications build on the content covered in the legacy (2013) Pearson Edexcel International Advanced Level in Business Studies. They have been updated to align them with recent changes in the equivalent AS and A Level qualifications taken in England and Wales.

### Assessment

The qualifications are assessed by examination only.

## Specification updates

This specification is Issue 1 and is valid for first teaching from September 2018. If there are any significant changes to the specification, we will inform centres in writing. Changes will also be posted on our website.

For more information please visit [qualifications.pearson.com](http://qualifications.pearson.com)

## Using this specification

This specification gives teachers guidance and encourages effective delivery of these qualifications. The following information will help you get the most out of the content and guidance.

**Compulsory content:** as a minimum, all the bullet points in the content must be taught. The word 'including' in content specifies the detail of what must be covered.

**Assessments:** teachers should deliver these qualifications using a good range of examples to support the assessment of the content.

**Depth and breadth of content:** teachers should use the full range of content and all the assessment objectives given in the subject content section.

## Qualification aims and objectives

The aims and objectives of these qualifications 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.

## Qualification abbreviations used in this specification

The following abbreviations appear in this specification:

International Advanced Subsidiary – IAS

International A2 – IA2 (the additional content required for an IAL)

International Advanced Level – IAL.

# Why choose Edexcel qualifications?

## Pearson – the world’s largest education company

Edexcel academic qualifications are from Pearson, the UK’s largest awarding organisation. With over 3.4 million students studying our academic and vocational qualifications worldwide, we offer internationally recognised qualifications to schools, colleges and employers globally.

Pearson is recognised as the world’s largest education company, allowing us to drive innovation and provide comprehensive support for Edexcel students to acquire the knowledge and skills they need for progression in study, work and life.

## A heritage you can trust

The background to Pearson becoming the UK’s largest awarding organisation began in 1836, when a royal charter gave the University of London its first powers to conduct exams and confer degrees on its students. With over 150 years of international education experience, Edexcel qualifications have a firm academic foundation, built on the traditions and rigour associated with Britain’s educational system.

To find out more about our Edexcel heritage please visit our website:  
[qualifications.pearson.com/en/about-us/about-pearson/our-history](http://qualifications.pearson.com/en/about-us/about-pearson/our-history)

## Results you can trust

Pearson’s leading online marking technology has been shown to produce exceptionally reliable results, demonstrating that at every stage, Edexcel qualifications maintain the highest standards.

## Developed to Pearson’s world-class qualifications standards

Pearson’s world-class standards mean that all Edexcel qualifications are developed to be rigorous, demanding, inclusive and empowering. We work collaboratively with a panel of educational thought-leaders and assessment experts to ensure that Edexcel qualifications are globally relevant, represent world-class best practice and maintain a consistent standard.

For more information on the world-class qualification process and principles please go to *Appendix 2: Pearson World Class Qualifications design principles* or visit our website:  
[uk.pearson.com/world-class-qualifications](http://uk.pearson.com/world-class-qualifications).

## Why choose Pearson Edexcel International Advanced Subsidiary/Advanced Level qualifications in Business?

We have listened to feedback from all parts of the international school subject community, including a large number of teachers. We have made changes that will engage international learners and give them skills that will support their progression to further study of Business and to a wide range of other subjects.

### Key qualification features:

- **Helps develop a holistic understanding of business** – the assessment culminates with a final paper that draws on the knowledge and skills students developed from Units 1, 2 and 3.
- **Development of quantitative skills** – students develop these skills throughout the content of the course and are required to apply these skills to relevant business contexts within the assessment.
- **Consistent command word taxonomy** – we have reduced the number of command words used in the assessment and applied a consistent mark tariff.
- **Reflects today's global world** – students develop an understanding of current global issues that impact on business, preparing them for their next steps in today's global world.
- **Provides a real business focus** – students are encouraged to contextualise theory and respond to real-life international business case studies and stimulus material.
- **Accessible assessment** – to ensure all students are able to access the whole exam paper we have introduced ramping within each question. Questions start with a low mark tariff and become more challenging as students work their way through the paper, helping to build confidence.
- **Clear and simple structure** – based on your feedback we have taken the opportunity to make some improvements to the clarity and structure of our new specification.
- **Clear and straightforward question papers** – our question papers are clear and accessible for students of all ability ranges. Our mark schemes are straightforward so that the assessment requirements are clear.
- **Increased level of support** – Student Book, online digital resources, mapping documents, Scheme of Work, Getting Started Guide, Course Planner and training.

**Broad and deep development of learners' skills** – we designed the International Advanced Level qualifications to extend learners' knowledge by broadening and deepening skills, for example learners will:

- develop multitude of skills, including numeracy, communication and an understanding of research methodology and interpretation, helping ease transition on to further study
- read sources to interpret and evaluate business information
- write extended responses
- respond appropriately to a range of question types, including multiple-choice, short-answer, data response and open-ended questions
- develop an understanding of business concepts and apply these concepts to real-life situations.

**Progression** – International Advanced Level qualifications enable successful progression to further study or the workplace. Through our world-class qualification development process we have consulted with higher education to validate the appropriateness of these qualifications, including content, skills and assessment structure.

**Related qualifications** – Our International Advanced Level in Business sits within our wider subject offer for Business qualifications. We also offer:

- Pearson Edexcel International Advanced Level in Economics
- Pearson Edexcel International Advanced Level in Accounting.
- Pearson Edexcel Level 3 Advanced Subsidiary GCE in Business
- Pearson Edexcel Level 3 Advanced GCE in Business
- Pearson Edexcel Level 3 Advanced Subsidiary GCE in Economics A
- Pearson Edexcel Level 3 Advanced GCE in Economics A
- Pearson Edexcel Level 3 Advanced Subsidiary GCE in Economics B
- Pearson Edexcel Level 3 Advanced GCE in Economics B
- Pearson BTEC Nationals and Higher Nationals in Business.

More information can be found on our website ([qualifications.pearson.com](http://qualifications.pearson.com)) on the Edexcel International Advanced Level pages.

# Supporting you in planning and implementing these qualifications

## Planning

- Our *Getting Started Guide* gives you an overview of the Pearson Edexcel International Advanced Subsidiary/Advanced Level in Business to help you understand the changes to content and assessment, and what these changes mean for you and your students.
- We will provide you with an editable course planner and scheme of work.
- Our mapping documents highlight key differences from the legacy qualifications.

## Teaching and learning

- Our skills maps will opportunities for students to develop skills that are assessed, as well as skills that are not directly assessed.
- Print and digital learning and teaching resources – promote any time, any place learning to improve student motivation and encourage new ways of working.

## Preparing for exams

We will also provide a range of resources to help you prepare your students for the assessments, including:

- examiner commentaries following each examination series.

## ResultsPlus

ResultsPlus provides the most detailed analysis available of your students' examination performance. It can help you identify the topics and skills where further learning would benefit your students.

## examWizard

A free online resource designed to support students and teachers with examination preparation and assessment.

## Training events

In addition to online training, we host a series of training events each year for teachers to deepen their understanding of our qualifications.

## Get help and support

Our subject advisor service will ensure that you receive help and guidance from us. You can sign up to receive qualification updates and product service news at [qualifications.pearson.com](http://qualifications.pearson.com) or email 'sign me up' to [TeachingBusiness@pearson.com](mailto:TeachingBusiness@pearson.com).

# Qualification at a glance

## Qualification overview

### **Pearson Edexcel International Advanced Subsidiary in Business**

This qualification consists of two externally-examined units.

The International Advanced Subsidiary is the first half of the International Advanced Level qualification and consists of two IAS units, Units 1 and 2. This qualification may be awarded as a discrete qualification or may contribute 50 per cent towards the International Advanced Level qualification.

### **Pearson Edexcel International Advanced Level in Business**

This qualification consists of four externally-examined units.

The International Advanced Level consists of the two IAS units (Units 1 and 2) plus two IA2 units (Units 3 and 4). Students wishing to take the International Advanced Level must, therefore, complete all four units.

## Course of study

The structure of these qualifications allows teachers to construct a course of study that can be taught and assessed as either:

- distinct modules of teaching and learning with related units of assessment taken at appropriate stages during the course; or
- a linear course assessed in its entirety at the end.

## Content and assessment overview

<b>IAS</b> <b>Unit 1: Marketing and people</b>	<b>*Unit code:</b> <b>WBS11/01</b>	
Externally assessed Written examination: 2 hours Availability: January, June and October First assessment: January 2019 80 marks	50% of the total IAS	25% of the total IAL
<b>Content overview</b> <ul style="list-style-type: none"> <li>• Meeting customer needs</li> <li>• The market</li> <li>• Marketing mix and strategy</li> <li>• Managing people</li> <li>• Entrepreneurs and leaders</li> </ul>		
<b>Assessment overview</b> <b>Section A:</b> Short- and extended-response questions based on sources (30 marks). <b>Section B:</b> Same format as Section A, based on different sources (30 marks). <b>Section C:</b> One 20-mark essay question, based on one or more sources (20 marks).		

<b>IAS</b> <b>Unit 2: Managing business activities</b>	<b>*Unit code:</b> <b>WBS12/01</b>	
Externally assessed Written examination: 2 hours Availability: January, June and October First assessment: June 2019 80 marks	50% of the total IAS	25% of the total IAL
<b>Content overview</b> <ul style="list-style-type: none"> <li>• Planning a business and raising finance</li> <li>• Financial planning</li> <li>• Managing finance</li> <li>• Resource management</li> <li>• External influences</li> </ul>		
<b>Assessment overview</b> <b>Section A:</b> Short- and extended-response questions based on sources (30 marks). <b>Section B:</b> Same format as Section A, based on different sources (30 marks). <b>Section C:</b> One 20-mark essay question, based on one or more sources (20 marks).		

<b>IA2</b>	<b>*Unit code: WBS13/01</b>	
<b>Unit 3: Business decisions and strategy</b>		
Externally assessed Written examination: 2 hours Availability: January, June and October First assessment: January 2020 80 marks	50% of the total IA2	25% of the total IAL
<b>Content overview</b>		
<ul style="list-style-type: none"> <li>• Business objectives and strategy</li> <li>• Business growth</li> <li>• Decision-making techniques</li> <li>• Influences on business decisions</li> <li>• Assessing competitiveness</li> <li>• Managing change</li> </ul>		
<b>Assessment overview</b>		
<p><b>Section A:</b> Short and extended-response questions, based on sources (40 marks).</p> <p><b>Section B:</b> One 20-mark essay question, based on one or more sources (20 marks).</p> <p><b>Section C:</b> One 20-mark essay question, based on one or more sources (20 marks).</p>		

<b>IA2</b>	<b>*Unit code: WBS14/01</b>	
<b>Unit 4: Global business</b>		
Externally assessed Written examination: 2 hours Availability: January, June and October First assessment: June 2020 80 marks	50% of the total IA2	25% of the total IAL
<b>Content overview</b>		
<ul style="list-style-type: none"> <li>• Globalisation</li> <li>• Global markets and business expansion</li> <li>• Global marketing</li> <li>• Global industries and companies (multinational corporations)</li> </ul>		
<b>Assessment overview</b>		
<p><b>Section A:</b> Short and extended-response questions, based on sources (40 marks).</p> <p><b>Section B:</b> One 20-mark essay question, based on one or more sources (20 marks).</p> <p><b>Section C:</b> One 20-mark essay question, based on one or more sources (20 marks).</p>		

\*See *Appendix 1: Codes* for a description of this code and all other codes relevant to these qualifications.

# Business content

---

Unit 1: Marketing and people	12
Unit 2: Managing business activities	20
Unit 3: Business decisions and strategy	26
Unit 4: Global business	33

# Unit 1: Marketing and people

---

## IAS compulsory unit

## Externally assessed

---

### 1.1 Unit description

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

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

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

Students need to have acquired competence in quantitative skills that are relevant to this unit. A full list of quantitative skills can be found in *Appendix 7: Quantitative skills*.

---

### 1.2 Assessment information

- First assessment: January 2019.
  - The examination lasts 2 hours.
  - The paper is marked out of 80 marks.
  - The paper will include short-open response and extended-writing questions, based on sources.
  - The paper will include questions that require students to use quantitative skills.
  - Calculators may be used in the examination. See *Appendix 10* for more information.
-

## 1.3 Unit content

### 1.3.1 Meeting customer needs

What students need to learn:

<p><b>1 The market</b></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><b>2 Market research</b></p>	<p>a) 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>b) Methods of primary market research:</p> <ul style="list-style-type: none"> <li>• surveys/questionnaires</li> <li>• focus groups/consumer panels</li> <li>• face-to-face/telephone interviews</li> <li>• product trials/test marketing.</li> </ul> <p>c) Methods of secondary market research market research:</p> <ul style="list-style-type: none"> <li>• websites/social media</li> <li>• newspapers/magazines/TV/radio</li> <li>• reports</li> <li>• databases.</li> </ul> <p>d) Sampling methods:</p> <ul style="list-style-type: none"> <li>• random</li> <li>• quota</li> <li>• stratified.</li> </ul>
<p><b>3 Market positioning</b></p>	<p>a) Product and market orientation.</p> <p>b) Market mapping.</p> <p>c) Market segmentation.</p> <p>d) Competitive advantage of a product or service.</p> <p>e) The purpose of product differentiation.</p> <p>f) Adding value to products/services.</p>

### 1.3.2 The market

What students need to learn:

<p><b>1 Demand</b></p>	<p>a) Factors leading to a change in demand:</p> <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>• marketing, advertising and branding</li> <li>• demographics</li> <li>• external shocks</li> <li>• seasonality.</li> </ul>
<p><b>2 Supply</b></p>	<p>a) Factors leading to a change in supply:</p> <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>
<p><b>3 Markets</b></p>	<p>a) The interaction of demand and supply.                  b) The drawing and interpretation of demand and supply diagrams to show the causes and consequences of changes in demand and supply.</p>
<p><b>4 Price elasticity of demand (PED)</b></p>	<p>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.</p>
<p><b>5 Income elasticity of demand (YED)</b></p>	<p>a) Calculation of income elasticity of demand.                  b) Normal and inferior goods.                  c) Interpretation of numerical values of income elasticity of demand.                  d) The factors influencing income elasticity of demand.                  e) The significance of income elasticity of demand to businesses.</p>

### 1.3.3 Marketing mix and strategy

What students need to learn:

<p><b>1 Marketing objectives and strategy</b></p>	<p>a) Marketing objectives</p> <ul style="list-style-type: none"> <li>• increase market share</li> <li>• increase revenue</li> <li>• building a brand.</li> </ul> <p>b) The product life cycle and extension strategies.</p> <p>c) The Boston Matrix and the product portfolio.</p> <p>d) The concept of 'marketing mix'.</p> <p>e) 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)</li> <li>• business to consumer (B2C).</li> </ul> <p>f) Consumer behaviour – how businesses develop customer loyalty.</p>
<p><b>2 Product/service design</b></p>	<p>a) Design mix:</p> <ul style="list-style-type: none"> <li>• function</li> <li>• aesthetics</li> <li>• cost/economic manufacture.</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><b>3 Promotion and branding</b></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>

### 1.3.3 Marketing mix and strategy (*continued*)

What students need to learn:

<p><b>4 Pricing strategies</b></p>	<p>a) Types of pricing strategy:</p> <ul style="list-style-type: none"> <li>• cost plus (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><b>5 Distribution</b></p>	<p>a) Distribution channels:</p> <ul style="list-style-type: none"> <li>• four stage: producer to wholesaler to retailer to consumer</li> <li>• three stage: producer to retailer to consumer</li> <li>• two stage: producer to consumer.</li> </ul> <p>b) Changes in distribution methods.</p>

### 1.3.4 Managing people

What students need to learn:

<p><b>1 Approaches to staffing</b></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>• zero-hour contracts</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><b>2 Recruitment, selection and training</b></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><b>3 Organisational design</b></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 employee motivation.</p>

### 1.3.4 Managing people (*continued*)

What students need to learn:

<p><b>4 Motivation in theory and practice</b></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 methods 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 methods 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><b>5 Leadership</b></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> <p>c) The difficulty of moving from entrepreneur to leader.</p>

### 1.3.5 Entrepreneurs and leaders

What students need to learn:

<b>1 Role of an entrepreneur</b>	a) Creating and setting up a business. b) Running and expanding/developing a business. c) Innovation within a business (intrapreneurship). d) Barriers to entrepreneurship. e) Anticipating risk and uncertainty in the business environment.
<b>2 Entrepreneurial motives and characteristics</b>	a) Characteristics and skills required. b) Reasons why people set up businesses: <ul style="list-style-type: none"> <li>• financial motives: profit maximisation and profit satisficing</li> <li>• non-financial motives: ethical stance, social entrepreneurship, independence and home working.</li> </ul>
<b>3 Business objectives</b>	a) Survival. b) Profit maximisation. c) Other objectives: <ul style="list-style-type: none"> <li>• sales maximisation</li> <li>• market share</li> <li>• cost efficiency</li> <li>• employee welfare</li> <li>• customer satisfaction</li> <li>• social objectives.</li> </ul>
<b>4 Business choices</b>	a) Opportunity cost. b) Trade-offs.

## Unit 2: Managing business activities

---

### IAS compulsory unit

### Externally assessed

---

#### 2.1 Unit description

In this unit, students explore the finance and operations functions, and investigate external influences on business.

This unit enables students to develop an understanding of raising and managing finance, and measuring business performance. It 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 should investigate different types and sizes of organisation in various business sectors and environments, and in local, national and global contexts.

Students need to have acquired competence in quantitative skills relevant to this unit. A full list of quantitative skills can be found in *Appendix 7: Quantitative skills*.

For this unit, students will also need to be able to apply the accounting ratios given in *Appendix 9: Financial statements and accounting ratios*. These ratios will not be supplied in the examination.

---

#### 2.2 Assessment information

- First assessment: June 2019.
  - The examination lasts 2 hours.
  - The paper is marked out of 80 marks.
  - The paper will include short open-response and extended-writing questions, based on sources.
  - Questions may require students to draw on their knowledge from Unit 1.
  - The paper will include questions that require students to use quantitative skills.
  - Calculators may be used in the examination. See *Appendix 10* for more information.
-

## 2.3 Unit content

### 2.3.1 Planning a business and raising finance

What students need to learn:

<b>1 Planning</b>	a) Content of a business plan. b) Relevance and uses of a business plan.
<b>2 Internal finance</b>	a) Owner's capital: personal savings. b) Retained profit. c) Sale of assets.
<b>3 External finance</b>	a) Sources of finance and their suitability for different circumstances: <ul style="list-style-type: none"> <li>• family and friends</li> <li>• banks</li> <li>• peer-to-peer funding</li> <li>• business angels</li> <li>• crowd funding</li> <li>• other businesses.</li> </ul> b) Methods of finance and their suitability for different circumstances: <ul style="list-style-type: none"> <li>• loans</li> <li>• share capital</li> <li>• venture capital</li> <li>• overdrafts</li> <li>• leasing</li> <li>• trade credit</li> <li>• grants.</li> </ul>
<b>4 Forms of business</b>	a) Sole trader, partnership and private limited company (Ltd). b) Franchising, social enterprise, lifestyle businesses, online businesses. c) Growth to public limited companies (plc) and stock market flotation.
<b>5 Liability</b>	a) Implications of limited and unlimited liability, including advantages and disadvantages. b) Finance appropriate for limited and unlimited liability businesses.

### 2.3.2 Financial planning

What students need to learn:

<b>1 Sales, revenue and costs</b>	a) Calculation of sales volume and sales revenue. b) Calculation of fixed, variable costs, total costs and average costs. c) Ways of improving sales volumes and sales revenues.
<b>2 Sales forecasting</b>	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.
<b>3 Break-even</b>	a) Contribution: selling price – variable cost per unit. b) Break-even point: <ul style="list-style-type: none"> <li>• total fixed costs + total variable costs = total revenue.</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.
<b>4 Cash flow</b>	a) Construction and interpretation of simple cash-flow forecasts. b) Use and limitations of cash-flow forecasts.
<b>5 Budgets</b>	a) Purposes of budgets. b) Types of budget: <ul style="list-style-type: none"> <li>• based on historical figures</li> <li>• zero based.</li> </ul> c) Variance analysis. d) Difficulties of budgeting.

### 2.3.3 Managing finance

What students need to learn:

<p><b>1 Profit</b></p>	<p>a) Calculation of:</p> <ul style="list-style-type: none"> <li>• gross profit</li> <li>• operating profit</li> <li>• profit for the year (net profit).</li> </ul> <p>b) Ways to increase profits.</p> <p>c) Statement of comprehensive income (profit and loss account):</p> <ul style="list-style-type: none"> <li>• measuring profitability: calculation of gross profit margin, operating profit margin, and profit for the year (net profit) margin</li> <li>• ways to improve profitability.</li> </ul>
<p><b>2 Liquidity</b></p>	<p>a) Distinction between profit and cash.</p> <p>b) Statement of financial position (balance sheet):</p> <ul style="list-style-type: none"> <li>• measuring liquidity: calculating current ratio and acid test ratio</li> <li>• ways to improve liquidity, including assets, supplier credit terms, factoring, inventory JIT.</li> </ul> <p>c) Working capital and its management: the importance of cash.</p>
<p><b>3 Business failure</b></p>	<p>a) Internal causes of business failure:</p> <ul style="list-style-type: none"> <li>• poor management of cash flow</li> <li>• overestimation of sales</li> <li>• overtrading</li> <li>• poor inventory control</li> <li>• poor marketing</li> <li>• poor quality.</li> </ul> <p>b) External causes of business failure:</p> <ul style="list-style-type: none"> <li>• market conditions</li> <li>• competition</li> <li>• economic</li> <li>• exchange rates</li> <li>• interest rates</li> <li>• government regulations</li> <li>• supplier problems</li> <li>• natural phenomena.</li> </ul>

### 2.3.4 Resource management

What students need to learn:

<p><b>1 Production, productivity and efficiency</b></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</li> <li>• factors influencing productivity</li> <li>• link between productivity and competitiveness</li> <li>• ways to improve productivity.</li> </ul> <p>c) Efficiency:</p> <ul style="list-style-type: none"> <li>• production at minimum average cost</li> <li>• factors influencing efficiency</li> <li>• ways to improve efficiency.</li> </ul> <p>d) The distinction between labour- and capital-intensive production.</p> <p>e) Competitive advantage from short product lead-in times.</p>
<p><b>2 Capacity utilisation</b></p>	<p>a) Capacity utilisation: current output (divided by) maximum possible output (<math>\times 100</math>).</p> <p>b) Implications of under- and over-utilisation of capacity.</p> <p>c) Ways of improving capacity utilisation (under and over utilisation).</p>
<p><b>3 Inventory control</b></p>	<p>a) Interpretation of inventory control diagram.</p> <p>b) Buffer inventory.</p> <p>c) Implications of poor inventory control.</p> <p>d) Just in time (JIT).</p> <p>e) Waste minimisation.</p> <p>f) Competitive advantage from lean production.</p>
<p><b>4 Quality management</b></p>	<p>a) Quality:</p> <ul style="list-style-type: none"> <li>• control</li> <li>• assurance</li> <li>• circles.</li> </ul> <p>b) Total Quality Management (TQM).</p> <p>c) Continuous improvement (Kaizen).</p> <p>d) Competitive advantage from quality management.</p>

### 2.3.5 External influences

What students need to learn:

<p><b>1 Economic influences</b></p>	<p>a) The effect on businesses of, and how they can best respond to, changes in:</p> <ul style="list-style-type: none"> <li>• the rate of inflation</li> <li>• exchange rates (appreciation, depreciation)</li> <li>• interest rates</li> <li>• taxation and government spending</li> <li>• the business cycle.</li> </ul>
<p><b>2 Legislation</b></p>	<p>a) The effects on businesses of:</p> <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> <li>• intellectual property rights (copyright, patents and trademarks).</li> </ul>
<p><b>3 The competitive environment</b></p>	<p>a) The effects on businesses of competition in terms of competitor:</p> <ul style="list-style-type: none"> <li>• numbers</li> <li>• size</li> <li>• behaviour.</li> </ul> <p>b) Ways for a small business to compete in a competitive market.</p>

## Unit 3: Business decisions and strategy

---

### IA2 compulsory unit

### Externally assessed

---

#### 3.1 Unit description

In this unit, students develop their understanding of the concepts introduced in Units 1 and 2, and explore influences on business strategy and decision making.

This unit moves from functions to strategy, enabling students to develop their understanding of the core concepts and to take a strategic view of business opportunities and issues. Students analyse corporate objectives and strategy against financial and non-financial performance measures and how businesses grow, and develop an understanding of the impact of external influences. The unit also covers the causes and effects of change and how businesses mitigate risk and uncertainty.

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

Students need to have acquired competence in quantitative skills that are relevant to this unit. A full list of quantitative skills can be found in *Appendix 7: Quantitative skills*.

For this unit, students will also need to be able to apply the accounting ratios given in *Appendix 9: Financial statements and accounting ratios*. These ratios will not be supplied in the examination.

---

#### 3.2 Assessment information

- First assessment: January 2020.
- The examination lasts 2 hours.
- The paper is marked out of 80 marks.
- The paper will include short open-response and extended-writing questions, based on sources.
- Questions may require students to draw on their knowledge from Units 1 and 2.
- The paper will include short-open response and extended-writing questions, based on sources.
- The paper will include questions that require students to use quantitative skills.
- Calculators may be used in the examination. See *Appendix 10* for more information.

### 3.3 Unit content

#### 3.3.1 Business objectives and strategy

What students need to learn:

<b>1 Corporate objectives</b>	a) Development of corporate objectives from mission statement/corporate aims. b) Critical appraisal of mission statements.
<b>2 Theories of corporate strategy</b>	a) Development of corporate strategy: <ul style="list-style-type: none"> <li>• Ansoff's Matrix</li> <li>• Porter's Strategic Matrix.</li> </ul> b) Aim of portfolio analysis. c) Effect of strategic and tactical decisions on human, physical, and financial resources.
<b>3 SWOT analysis</b>	a) SWOT analysis <ul style="list-style-type: none"> <li>• internal considerations: strengths and weaknesses</li> <li>• external considerations: opportunities and threats.</li> </ul>
<b>4 Impact of external influences</b>	a) PESTLE (political, economic, social, technological, legal and environmental). b) The changing competitive environment. c) Porter's five forces.

### 3.3.2 Business growth

What students need to learn:

<b>1 Growth</b>	<p>a) Objectives of growth:</p> <ul style="list-style-type: none"> <li>• economies of scale (internal and external)</li> <li>• increased market power over customers and suppliers</li> <li>• increased market share and brand recognition</li> <li>• increased profitability.</li> </ul> <p>b) The distinction between inorganic and organic growth.</p>
<b>2 Organic growth</b>	<p>a) Methods of growing organically.</p> <p>b) Advantages and disadvantages of organic growth.</p>
<b>3 Inorganic growth</b>	<p>a) Mergers and takeovers:</p> <ul style="list-style-type: none"> <li>• reasons for mergers and takeovers</li> <li>• distinction between mergers and takeovers</li> <li>• horizontal and vertical integration</li> <li>• conglomerates</li> <li>• financial risks and rewards.</li> </ul> <p>b) Advantages and disadvantages of inorganic growth.</p>
<b>4 Problems arising from growth</b>	<p>a) Diseconomies of scale.</p> <p>b) Internal communication.</p> <p>c) Overtrading.</p>

### 3.3.3 Decision-making techniques

What students need to learn:

<b>1 Quantitative sales forecasting</b>	a) Calculation of time-series analysis: moving averages (three period/four quarter). b) Interpretation of scatter graphs and line of best fit: extrapolation of past data to future. c) Limitations of quantitative sales forecasting techniques.
<b>2 Investment appraisal</b>	a) Simple payback. b) Average (accounting) rate of return. c) Discounted cash flow (net present value only). d) Calculations and interpretations of figures generated by these techniques. e) Limitations of these techniques.
<b>3 Decision trees</b>	a) Construct and interpret simple decision-tree diagrams. b) Calculations and interpretations of figures generated by these techniques. c) Limitations of using decision trees.
<b>4 Critical path analysis</b>	a) Nature and purpose of critical path analysis. b) Complete and interpret simple networks to identify the critical path. c) Calculate: <ul style="list-style-type: none"> <li>• earliest start time</li> <li>• latest finish time</li> <li>• total float.</li> </ul> d) Limitations of using critical path analysis.
<b>5 Contribution</b>	a) Nature and purpose of contribution. b) Calculation and interpretation of contribution. c) Use of contribution as a decision-making technique.

### 3.3.4 Influences on business decisions

What students need to learn:

<p><b>1 Corporate culture</b></p>	<p>a) Strong and weak cultures.</p> <p>b) Classification of company cultures:</p> <ul style="list-style-type: none"> <li>• power</li> <li>• role</li> <li>• task</li> <li>• person.</li> </ul> <p>c) How corporate culture is formed.</p> <p>d) Difficulties in changing an established culture.</p>
<p><b>2 Stakeholder model versus shareholder model</b></p>	<p>a) Internal and external stakeholders.</p> <p>b) Stakeholder objectives.</p> <p>c) Stakeholder and shareholder influences:</p> <ul style="list-style-type: none"> <li>• stakeholder: that the business considers all of its stakeholders in its business decisions/objectives</li> <li>• shareholder: that the business should focus purely on shareholder returns (increasing share price and dividends) in its business decisions/objectives.</li> </ul> <p>d) The potential for conflict between profit-based (shareholder) and wider objectives (stakeholder).</p>
<p><b>3 Business ethics</b></p>	<p>a) Ethics of strategic decisions: trade-offs between profit and ethics.</p> <p>b) Pay and rewards.</p> <p>c) Corporate social responsibility (CSR).</p>

### 3.3.5 Assessing competitiveness

What students need to learn:

<p><b>1 Interpretation of financial statements</b></p>	<p>a) Statement of comprehensive income (profit and loss account):</p> <ul style="list-style-type: none"> <li>• key information</li> <li>• stakeholder interest.</li> </ul> <p>b) Statement of financial position (balance sheet)</p> <ul style="list-style-type: none"> <li>• key information</li> <li>• stakeholder interest.</li> </ul>
<p><b>2 Ratio analysis</b></p>	<p>a) Calculate:</p> <ul style="list-style-type: none"> <li>• profitability (gross profit margin and profit for the year margin)</li> <li>• liquidity (current and acid test ratios)</li> <li>• gearing ratio</li> <li>• return on capital employed (ROCE).</li> </ul> <p>b) Interpret ratios to make business decisions.</p> <p>c) The limitations of ratio analysis.</p>
<p><b>3 Human resources</b></p>	<p>a) Calculate and interpret the following to help make business decisions:</p> <ul style="list-style-type: none"> <li>• labour productivity</li> <li>• labour turnover and retention</li> <li>• absenteeism.</li> </ul> <p>b) Limitations of these calculations.</p> <p>c) Human resource strategies to increase productivity and retention and to reduce turnover and absenteeism:</p> <ul style="list-style-type: none"> <li>• financial rewards</li> <li>• employee share ownership</li> <li>• consultation strategies</li> <li>• empowerment strategies.</li> </ul>

### 3.3.6 Managing change

What students need to learn:

<p><b>1 Key factors in change</b></p>	<p>a) Organisational culture.                  b) Size of organisation.                  c) Time/speed of change.                  d) Managing resistance to change.                  e) Transformative leadership.</p>
<p><b>2 Contingency planning</b></p>	<p>a) Identifying key risks through risk assessment:</p> <ul style="list-style-type: none"> <li>• natural disasters</li> <li>• IT systems failure</li> <li>• loss of key staff.</li> </ul> <p>b) Planning for risk mitigation:</p> <ul style="list-style-type: none"> <li>• business continuity</li> <li>• succession planning.</li> </ul>

## Unit 4: Global business

---

### IA2 compulsory unit

### Externally assessed

---

#### 4.1 Unit description

In this unit, students develop their understanding of the concepts introduced in Units 1, 2 and 3, and explore business activity in a global context.

Students investigate businesses that trade on a global scale and explore their reasons for doing so. Students develop an understanding of the globally competitive environment and consider the ethical and moral dimensions of global business activities. In this unit, it is important to note that the impacts of globalisation and global markets covered in 4.3.1 and 4.3.2 will need to be understood in relation to businesses.

Students should investigate different types and sizes of organisation in various business sectors and environments.

Students need to have acquired competence in quantitative skills relevant to this unit. A full list of quantitative skills can be found in *Appendix 7: Quantitative skills*.

---

#### 4.2 Assessment information

- First assessment: June 2020.
  - The examination lasts 2 hours.
  - The paper is marked out of 80 marks.
  - The paper will include short open-response and extended-writing questions.
  - Questions may require students to draw on their knowledge from Units 1, 2 and 3.
  - The paper will include questions that require students to use quantitative skills.
  - Calculators may be used in the examination. See *Appendix 10* for more information.
-

## 4.3 Unit content

### 4.3.1 Globalisation

What students need to learn:

<p><b>1 Growing economies</b></p>	<p>a) Characteristics of developed, developing and emerging economies.</p> <p>b) Growing economic power of countries within Asia, Africa and other parts of the world.</p> <p>c) Implications of economic growth for individuals and businesses:</p> <ul style="list-style-type: none"> <li>• trade opportunities for businesses</li> <li>• employment patterns.</li> </ul> <p>d) Indicators of growth:</p> <ul style="list-style-type: none"> <li>• gross domestic product (GDP) and GDP per capita</li> <li>• human development index (HDI).</li> </ul>
<p><b>2 International trade and business growth</b></p>	<p>a) Exports and imports.</p> <p>b) Implications of increasing specialisation by countries and businesses.</p> <p>c) Foreign direct investment (FDI) and link to business growth.</p>
<p><b>3 Factors contributing to increased globalisation</b></p>	<p>a) Trade liberalisation, the reduction of trade barriers and the role of the WTO.</p> <p>b) Political change.</p> <p>c) Reduced cost of transport and communication.</p> <p>d) Increased significance of global (multinational) corporations (MNCs).</p> <p>e) Increased investment flows (FDI).</p> <p>f) Migration within and between economies.</p> <p>g) Growth of the global labour force.</p> <p>h) Structural change.</p> <p>i) Impact on businesses of increased globalisation.</p>
<p><b>4 Protectionism</b></p>	<p>a) Reasons for protectionism.</p> <p>b) Tariffs.</p> <p>c) Import quotas.</p> <p>d) Other trade barriers:</p> <ul style="list-style-type: none"> <li>• government legislation</li> <li>• domestic subsidies.</li> </ul> <p>e) Impact on businesses of protectionism.</p>
<p><b>5 Trading blocs</b></p>	<p>a) Expansion of trading blocs:</p> <ul style="list-style-type: none"> <li>• EU and the single market</li> <li>• ASEAN</li> <li>• NAFTA.</li> </ul> <p>b) The impact on businesses of trading blocs.</p>

### 4.3.2 Global markets and business expansion

What students need to learn:

<p><b>1 Conditions that prompt trade</b></p>	<p>a) Push factors:</p> <ul style="list-style-type: none"> <li>• saturated markets</li> <li>• competition.</li> </ul> <p>b) Pull factors:</p> <ul style="list-style-type: none"> <li>• increased sales and profitability</li> <li>• risk spreading and economies of scale.</li> </ul> <p>c) Cost competitiveness by off-shoring and outsourcing.</p> <p>d) Extending the product life cycle.</p>
<p><b>2 Assessment of a country as a market</b></p>	<p>a) Factors to consider:</p> <ul style="list-style-type: none"> <li>• levels and growth of disposable income</li> <li>• ease of doing business</li> <li>• infrastructure</li> <li>• political stability</li> <li>• exchange rates.</li> </ul> <p>b) Application of Porter’s five forces in assessing potential markets.</p>
<p><b>3 Assessment of a country as a production location</b></p>	<p>a) Factors to consider:</p> <ul style="list-style-type: none"> <li>• costs of production</li> <li>• skills and availability of labour force</li> <li>• infrastructure</li> <li>• location in trade bloc</li> <li>• government incentives</li> <li>• ease of doing business</li> <li>• political stability</li> <li>• natural resources</li> <li>• likely return on investment.</li> </ul>
<p><b>4 Reasons for global mergers, takeovers or joint ventures</b></p>	<p>a) Spreading risk and economies of scale.</p> <p>b) Entering new markets/trade blocs.</p> <p>c) Acquiring national/international brand names/patents.</p> <p>d) Securing resources/supplies.</p> <p>e) Maintaining/increasing global competitiveness.</p> <p>f) Reducing competition.</p> <p>g) Making use of local knowledge.</p> <p>h) Government or legal requirement.</p> <p>i) Accessing supply chains/distribution networks.</p> <p>j) Sharing costs/risks.</p>
<p><b>5 Global expansion and uncertainty</b></p>	<p>a) The impact on businesses of movements in exchange rates.</p> <p>b) Skill shortages and their impact on international competitiveness.</p>

### 4.3.3 Global marketing

What students need to learn:

<p><b>1 Marketing</b></p>	<p>a) Global marketing strategy and global localisation (glocalisation).                  b) Different marketing approaches:  <ul style="list-style-type: none"> <li>• domestic/ethnocentric</li> <li>• mixed/geocentric</li> <li>• international/polycentric.</li> </ul>                 c) Application and adaptation of the marketing mix (4Ps) to global markets.                  d) Application of Ansoff's matrix and Porter's matrix to global marketing decisions.</p>
<p><b>2 Niche markets</b></p>	<p>a) Cultural diversity: recognition that groups of people across the globe have different interests and values.                  b) Features of global niche markets.                  c) Application and adaptation of the marketing mix (4Ps) to suit global niches.</p>
<p><b>3 Cultural/social factors</b></p>	<p>a) Considerations for businesses:  <ul style="list-style-type: none"> <li>• cultural differences</li> <li>• different tastes and preferences</li> <li>• language and unintended meanings</li> <li>• inappropriate branding and promotion.</li> </ul> </p>

### 4.3.4 Global industries and companies (multinational corporations)

What students need to learn:

<p><b>1 The impact of MNCs</b></p>	<p>a) Impact of MNCs on the local economy:</p> <ul style="list-style-type: none"> <li>• local labour, wages, working conditions and job creation</li> <li>• local businesses</li> <li>• the local community and environment.</li> </ul> <p>b) Impact of MNCs on the national economy:</p> <ul style="list-style-type: none"> <li>• economic growth</li> <li>• FDI flows</li> <li>• balance of payments</li> <li>• technology and skills transfer</li> <li>• consumers</li> <li>• business culture</li> <li>• tax revenues.</li> </ul>
<p><b>2 International business ethics</b></p>	<p>a) Stakeholder conflicts.</p> <p>b) Environmental considerations:</p> <ul style="list-style-type: none"> <li>• emissions and waste disposal</li> <li>• sustainability.</li> </ul> <p>c) Supply chain considerations:</p> <ul style="list-style-type: none"> <li>• pay and working conditions</li> <li>• exploitation of labour and child labour.</li> </ul> <p>d) Marketing considerations:</p> <ul style="list-style-type: none"> <li>• misleading product labelling</li> <li>• inappropriate marketing activities.</li> </ul>
<p><b>3 Controlling MNCs</b></p>	<p>a) Factors to consider:</p> <ul style="list-style-type: none"> <li>• power of MNC</li> <li>• political influence</li> <li>• legal control</li> <li>• consumer pressure</li> <li>• pressure groups</li> <li>• social media</li> <li>• self-regulation.</li> </ul>

# Assessment information

## Assessment requirements

The Pearson Edexcel International Advanced Subsidiary in Business consists of two externally-examined units.

The Pearson Edexcel International Advanced Level in Business consists of four externally-examined units.

Students must complete all assessments.

Please see the *Assessment availability and first award* section for information on when the assessment for each unit will be available.

Unit	IAS or IA2	Assessment information	Number of raw marks allocated in the unit
Unit 1: Marketing and people	IAS	<p><b>Section A:</b> Short- and extended-response questions based on sources (30 marks).</p> <p><b>Section B:</b> Short- and extended-response questions based on sources (30 marks).</p> <p><b>Section C:</b> One 20-mark essay question, based on one or more sources (20 marks).</p>	80 marks
Unit 2: Managing business activities	IAS	Same as Unit 1.	80 marks
Unit 3: Business decisions and strategy	IA2	<p><b>Section A:</b> Short- and extended-response questions based on sources (40 marks).</p> <p><b>Section B:</b> One essay question, based on one or more sources (20 marks).</p> <p><b>Section C:</b> One essay question, based on one or more sources (20 marks).</p>	80 marks
Unit 4: Global business	IA2	Same as Unit 3.	80 marks

## Sample assessment materials

Sample papers and mark schemes can be found in the *Pearson Edexcel International Advanced Subsidiary/Advanced Level in Business Sample Assessment Materials (SAMs)* document.

A full list of command words that will be used in the assessments can be found in *Appendix 6*.

Assessment materials will use terminology consistent with International Accounting Standards. See *Appendix 8* for more information.

## Assessment objectives and weightings

		% in IAS	% in IA2	% in IAL
<b>AO1</b>	Demonstrate knowledge and understanding of terms, concepts, theories, methods and models	27.5	20	23.8
<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	22.5	23.8
<b>AO3</b>	Analyse business issues, showing an understanding of the causes, costs and consequences for individuals and organisations	27.5	30	28.8
<b>AO4</b>	Evaluate evidence to make informed judgements and propose evidence-based solutions to business issues	20	27.5	23.8

NB Totals have been rounded up or down.

## Relationship of assessment objectives to units for the International Advanced Subsidiary qualification

Unit number	Assessment objective			
	AO1	AO2	AO3	AO4
Unit 1	13.75%	12.5%	13.75%	10%
Unit 2	13.75%	12.5%	13.75%	10%
<b>Total for International Advanced Subsidiary</b>	<b>27.5%</b>	<b>25%</b>	<b>27.5%</b>	<b>20%</b>

NB Totals have been rounded up or down.

## Relationship of assessment objectives to units for the International Advanced Level qualification

Unit number	Assessment objective			
	AO1	AO2	AO3	AO4
Unit 1	6.9%	6.3%	6.9%	5%
Unit 2	6.9%	6.3%	6.9%	5%
Unit 3	5%	5.6%	7.5%	6.9%
Unit 4	5%	5.6%	7.5%	6.9%
<b>Total for International Advanced Level</b>	<b>23.8%</b>	<b>23.8%</b>	<b>28.8%</b>	<b>23.8%</b>

NB Totals have been rounded up or down.

## Assessment availability and first award

Unit	January 2019	June 2019	October 2019	January 2020	June 2020
1	✓	✓	✓	✓	✓
2	x	✓	✓	✓	✓
3	x	x	x	✓	✓
4	x	x	x	x	✓
IAS award	x	✓	✓	✓	✓
IAL award	x	x	x	x	✓

From June 2020, **all four units will be assessed** in January, June and October for the lifetime of the qualifications.

From June 2020 **IAL and IAS will both be awarded** in January, June and October for the lifetime of the qualifications.

# Administration and general information

---

## Entries and resitting of units

### Entries

Details of how to enter students for the examinations for these qualifications can be found in our *International Information Manual*. A copy is made available to all examinations officers and is available on our website, [qualifications.pearson.com](http://qualifications.pearson.com).

### Resitting of units

Students can resit any unit irrespective of whether the qualification is to be cashed in. If a student resits a unit more than once, only the better of the two most recent attempts of that unit will be available for aggregation to a qualification grade. Please refer to the *Entry, Aggregation and Certification* document on our website: [qualifications.pearson.com/IAL-entry-certification-procedures](http://qualifications.pearson.com/IAL-entry-certification-procedures).

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

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 UK 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.

### Language of assessment

Assessment of these qualifications will be available in English only. All student work must be in English.

We recommend that students are able to read and write in English at Level B2 of the Common European Framework of Reference for Languages.

## 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 student with a disability 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 student 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 student 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, including:

- 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 their 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).

## Candidate malpractice

Candidate malpractice refers to any act by a candidate that compromises or seeks to compromise the process of assessment or which undermines the integrity of the qualifications or the validity of results/certificates.

Candidate malpractice in controlled assessments discovered before the candidate has signed the declaration of authentication form does not need to be reported to Pearson.

Candidate malpractice found in controlled assessments after the declaration of authenticity has been signed, and in examinations **must** be reported to Pearson on a *JCQ Form M1* (available at [www.jcq.org.uk/exams-office/malpractice](http://www.jcq.org.uk/exams-office/malpractice)). The completed form can be emailed to [pqsmalpractice@pearson.com](mailto:pqsmalpractice@pearson.com) or posted to: Investigations Team, Pearson, 190 High Holborn, London, WC1V 7BH. Please provide as much information and supporting documentation as possible. Note that the final decision regarding appropriate sanctions lies with Pearson.

Failure to report candidate malpractice constitutes staff or centre malpractice.

## Staff/centre malpractice

Staff and centre malpractice includes both deliberate malpractice and maladministration of our qualifications. As with candidate malpractice, staff and centre malpractice is any act that compromises or seeks to compromise the process of assessment or which undermines the integrity of the qualifications or the validity of results/certificates.

All cases of suspected staff malpractice and maladministration **must** be reported immediately, before any investigation is undertaken by the centre, to Pearson on a *JCQ Form M2(a)* (available at [www.jcq.org.uk/exams-office/malpractice](http://www.jcq.org.uk/exams-office/malpractice)).

The form, supporting documentation and as much information as possible can be emailed to [pqsmalpractice@pearson.com](mailto:pqsmalpractice@pearson.com) or posted to: Investigations Team, Pearson, 190 High Holborn, London, WC1V 7BH. Note that the final decision regarding appropriate sanctions lies with Pearson.

Failure to report malpractice itself constitutes malpractice.

More-detailed guidance on malpractice can be found in the latest version of the document *JCQ General and vocational qualifications Suspected Malpractice in Examinations and Assessments*, available at [www.jcq.org.uk/exams-office/malpractice](http://www.jcq.org.uk/exams-office/malpractice).

## Awarding and reporting

The Pearson Edexcel International Advanced Subsidiary in Business will be graded on a five-grade scale from A to E. The Pearson Edexcel International Advanced Level in Business will be graded on a six-point scale A\* to E. Individual unit results will be reported. Only Units 1 and 2 will contribute to the International Advanced Subsidiary grade. All four units will contribute to the International Advanced Level grade.

The first certification opportunity for the Pearson Edexcel International Advanced Subsidiary in Business will be in August 2019. The first certification opportunity for the Pearson Edexcel International Advanced Level in Business will be in August 2020. A pass in an International Advanced Subsidiary subject is indicated by one of the five grades A, B, C, D, E, of which grade A is the highest and grade E the lowest. A pass in an International Advanced Level subject is indicated by one of the six grades A\*, A, B, C, D, E, of which grade A\* is the highest and grade E the lowest. 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.

## Unit results

Students will receive a uniform mark between 0 and the maximum uniform mark for each unit.

The uniform marks at each grade threshold for each unit are:

### Units 1, 2, 3 and 4

Unit grade	Maximum uniform mark	A	B	C	D	E
	<b>100</b>	<b>80</b>	<b>70</b>	<b>60</b>	<b>50</b>	<b>40</b>

## Qualification results

The minimum uniform marks required for each grade:

### International Advanced Subsidiary (cash-in code: XBS11)

Qualification grade	Maximum uniform mark	A	B	C	D	E
	<b>200</b>	<b>160</b>	<b>140</b>	<b>120</b>	<b>100</b>	<b>80</b>

Students with a uniform mark in the range 0–79 will be Unclassified (U).

### International Advanced Level (cash-in code: YBS11)

Qualification grade	Maximum uniform mark	A	B	C	D	E
	<b>400</b>	<b>320</b>	<b>280</b>	<b>240</b>	<b>200</b>	<b>160</b>

Students with a uniform mark in the range 0–159 will be Unclassified (U).

To be awarded an A\*, students will need to achieve an A for the International Advanced Level qualification (at least 320 uniform marks) **and** at least 90% of the total uniform mark available across the IA2 units combined (at least 180 uniform marks).

## Student recruitment and progression

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.

### Prior learning and other requirements

There are no formal prior learning or other requirements for these qualifications.

Students who would benefit most from studying these qualifications are likely to have a qualification in a numerate subject such as an International GCSE in Mathematics. A qualification in a business-related subject, such as an International GCSE in Business Studies or Commerce would be an advantage, but is not necessary.

### Progression

Students can progress from these qualifications to:

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



# Appendices

---

Appendix 1: Codes	48
Appendix 2: Pearson World Class Qualification design principles	49
Appendix 3: Transferable skills	51
Appendix 4: Level 3 Extended Project qualification	52
Appendix 5: Glossary	55
Appendix 6: Command words	56
Appendix 7: Quantitative skills	57
Appendix 8: Glossary of International Accounting Standards	58
Appendix 9: Financial statements and accounting ratios	60
Appendix 10: Use of calculators	61

## Appendix 1: Codes

Type of code	Use of code	Code
Unit codes	Each unit is assigned a code. This unit code is used as an entry code to indicate that a student wishes to take the assessment for that unit. Centres will need to use the unit codes only when entering students for their examination.	Unit 1: WBS11/01 Unit 2: WBS12/01 Unit 3: WBS13/01 Unit 4: WBS14/01
Cash-in codes	The cash-in code is used as a code to aggregate the student's unit scores to obtain the overall grade for the qualification.	International Advanced Subsidiary – XBS11 International Advanced Level – YBS11

## Appendix 2: Pearson World Class Qualification design principles

Pearson’s World Class Qualification design principles mean that all Edexcel qualifications are developed to be **rigorous, demanding, inclusive and empowering**.



We work collaboratively to gain approval from an external panel of educational thought-leaders and assessment experts from across the globe. This is to ensure that Edexcel qualifications are globally relevant, represent world-class best practice in qualification and assessment design, maintain a consistent standard and support learner progression in today’s fast-changing world.

Pearson’s Expert Panel for World-Class Qualifications is chaired by Sir Michael Barber, a leading authority on education systems and reform. He is joined by a wide range of key influencers with expertise in education and employability.

*"I’m excited to be in a position to work with the global leaders in curriculum and assessment to take a fresh look at what young people need to know and be able to do in the 21st century, and to consider how we can give them the opportunity to access that sort of education."* Sir Michael Barber.

## Endorsement from Pearson's Expert Panel for World Class Qualifications for the International Advanced Subsidiary (IAS)/International Advanced Level (IAL) development process

**December 2015**

"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 world class qualification development process that has included, where appropriate:

- 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.

Importantly, we have worked to ensure that the content and learning is future oriented, and that the design has been guided by Pearson's Efficacy Framework. This is a structured, evidenced process which means that 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 but as a result of our work as a panel we are confident that we have supported the development of Edexcel IAS and IAL 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

**Dr Peter Hill**  
Former Chief Executive ACARA

**Professor Jonathan Osborne**  
Stanford University

**Professor Dr Ursula Renold**  
Federal Institute of Technology, Switzerland

**Professor Janice Kay**  
Provost, University of Exeter

**Jason Holt**  
CEO, Holts Group

**Professor Lee Sing Kong**  
Dean and Managing Director, National Institute of Education International, Singapore

**Bahram Bekhradnia**  
President, Higher Education Policy Institute

**Dame Sally Coates**  
Director of Academies (South), United Learning Trust

**Professor Bob Schwartz**  
Harvard Graduate School of Education

**Jane Beine**  
Head of Partner Development, John Lewis Partnership

All titles correct as at December 2015.

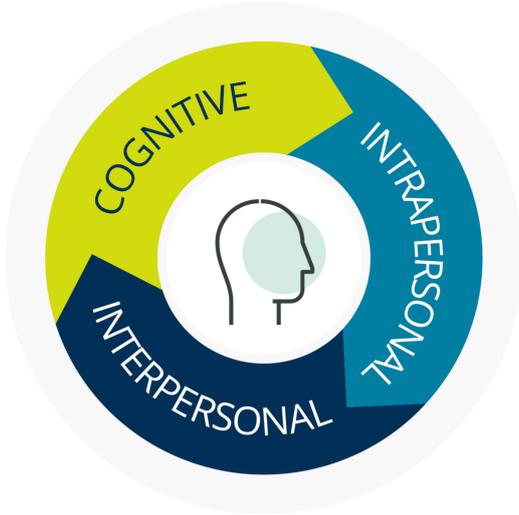
# Appendix 3: Transferable skills

## 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 <sup>[2]</sup> as the most evidence-based and robust skills framework, and have used this as a basis for our adapted skills framework. The framework includes cognitive, intrapersonal skills and interpersonal skills.



The skills have been interpreted for this specification to ensure they are appropriate for the subject. All of the skills listed are evident or accessible in the teaching, learning and/or assessment of the qualifications. Some skills are directly assessed. Pearson materials will support you in identifying these skills and developing these skills in students.

The table overleaf sets out the framework and gives an indication of the skills that can be found in business and indicates the interpretation of the skill in this area. A full subject interpretation of each skill, with mapping to show opportunities for student development is given on the subject pages of our website: [qualifications.pearson.com](http://qualifications.pearson.com)

<sup>1</sup> OECD – *Better Skills, Better Jobs, Better Lives* (OECD Publishing, 2012)  
<sup>2</sup> Koenig J A, National Research Council – *Assessing 21st Century Skills: Summary of a Workshop* (National Academies Press, 2011)

<b>Cognitive skills</b>	Cognitive processes and strategies	<ul style="list-style-type: none"> <li>• Critical thinking</li> <li>• Problem solving</li> <li>• Analysis</li> <li>• Reasoning/argumentation</li> <li>• Interpretation</li> <li>• Decision making</li> <li>• Adaptive learning</li> <li>• Executive function</li> </ul>	<p>Examining evidence, such as information about a business. Interpret data to understand the meaning of that data.</p>
	Creativity	<ul style="list-style-type: none"> <li>• Creativity</li> <li>• Innovation</li> </ul>	
<b>Intrapersonal skills</b>	Intellectual openness	<ul style="list-style-type: none"> <li>• Adaptability</li> <li>• Personal and social responsibility</li> <li>• Continuous learning</li> <li>• Intellectual interest and curiosity</li> </ul>	<p>Ability and willingness to act without being told to do so. Using business knowledge, independently, to further own understanding. Looking at real world stories in newspapers, on news and online.</p>
	Work ethic/conscientiousness	<ul style="list-style-type: none"> <li>• Initiative</li> <li>• Self-direction</li> <li>• Responsibility</li> <li>• Perseverance</li> <li>• Productivity</li> <li>• Self-regulation (metacognition, forethought, reflection)</li> <li>• Ethics</li> <li>• Integrity</li> </ul>	
	Positive core self-evaluation	<ul style="list-style-type: none"> <li>• Self-monitoring/self-evaluation/self-reinforcement</li> </ul>	
<b>Interpersonal skills</b>	Teamwork and collaboration	<ul style="list-style-type: none"> <li>• Communication</li> <li>• Collaboration</li> <li>• Teamwork</li> <li>• Cooperation</li> <li>• Empathy/perspective taking</li> <li>• Negotiation</li> </ul>	<p>Dialogue between two or more people to reach a beneficial outcome where a conflict exists. Working within a team negotiate the aspects of an issue that affects business each person will research or present on.</p>
	Leadership	<ul style="list-style-type: none"> <li>• Responsibility</li> <li>• Assertive communication</li> <li>• Self-presentation</li> </ul>	

## Appendix 4: Level 3 Extended Project qualification

### What is the Extended Project?

The Extended Project is a standalone qualification that can be taken alongside International Advanced Level (IAL) qualifications.

It supports the development of independent learning skills and helps to prepare students for their next step – whether that be higher education or employment. The qualification:

- is recognised by higher education for the skills it develops
- is worth half of an International Advanced Level (IAL) 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 for in-depth study (which may or may not be related to an IAL 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 creating a sculpture in response to a client brief or solving an engineering problem).

The qualification is non-examination assessment 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.

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) and an 80-GLH guided element that includes mentoring students through the project work. The qualification is 100% internally assessed and externally moderated.

### 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 from within the business qualification content.

Through the Extended Project, students will develop skills that support their study of business, including:

- 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.

### Types of Extended Project related to business

Students may produce a dissertation on any topic that can be researched and argued, for example a controversial business issue such as child labour, executive pay, advertising to children.

A dissertation might involve an investigation such as:

- the impact of digital downloads on the music industry
- 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

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 should demonstrate that they have extended themselves in some significant way beyond what they have been studying in business. Students can demonstrate extension in one or more dimensions:

- **deepening understanding** – where a student explores a topic in greater depth than in the specification content
- **broadening skills** – where a student learns a new skill. This might be learning how to design a website or a new statistical technique that 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 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.

## Appendix 5: Glossary

Term	Definition
Assessment objectives	The requirements that students need to meet to succeed in the qualification. Each assessment objective has a unique focus, which is then targeted in examinations or coursework. Assessment objectives may be assessed individually or in combination.
External assessment	An examination that is held at the same time and place in a global region.
International Advanced Subsidiary	Abbreviated to IAS.
International Advanced Level	Abbreviated to IAL.
International A2 (IA2)	The additional content required for an IAL.
Linear	Linear qualifications have all assessments at the end of a course of study. It is not possible to take one assessment earlier in the course of study.
Modular	Modular qualifications contain units of assessment. These units can be taken during the course of study. The final qualification grade is worked out from the combined unit results.
Raw marks	Raw marks are the actual marks that students achieve when taking an assessment. When calculating an overall grade, raw marks often need to be converted so that it is possible to see the proportionate achievement of a student across all units of study.
Uniform Mark Scale (UMS)	Student actual marks (or raw marks) will be converted into a UMS mark so that it is possible to see the proportionate result of a student. Two units may each be worth 25% of a total qualification. The raw marks for each unit may differ, but the uniform mark will be the same.
Unit	A modular qualification will be divided into a number of units. Each unit will have its own assessment.

## Appendix 6: Command words

The table below lists the command words that will be used in the question papers along with an outline of what each type of question requires students to do.

Command	Number of marks	What students are required to do
Define	2	Requires students to define a term or phrase.
Calculate	4	Requires students to perform a calculation, based on given data. Calculators may be used and workings should be given.
Construct	4	Requires students to draw an accurately labelled diagram. Students may be required to decide on a type of diagram, or the type required may be stated.
Explain	4	Requires students to provide a brief explanation of cause or effect, which is supported by details or example(s).
Analyse	6	Requires a brief chain of reasoning, explanation and/or justification. If applied to given diagrams or data, it will include interpretation. Does not include evaluation.
Discuss	8	Requires a logical chains of reasoning, in context, showing cause(s) and/or effect(s). A brief assessment is required showing an awareness of competing arguments/factors.
Assess	10 [Units 1/2] 12 [Units 3/4]	Requires a coherent and logical chain of reasoning, showing cause(s) and/or effect(s) which is well contextualised. Assessment is balanced and wide ranging showing an awareness of competing arguments/factors, leading to a supported judgement.
Evaluate	20	Requires fully developed, coherent and logical chains of reasoning, showing a range of cause and/or effect(s). A full awareness of the validity and significance of competing arguments/factors leading to a perceptive conclusion that proposes a solution and/or recommendations.

## Appendix 7: Quantitative skills

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 they are required to apply the skills to relevant economic contexts.

The assessment of quantitative skills will constitute a minimum of 10% of the overall marks for both the International Advanced Subsidiary and the International Advanced Level.

IAS	IA2
<b>QS1</b> Calculate, use and understand ratios, averages and fractions	<b>QS1</b> Calculate, use and understand ratios, averages and fractions
<b>QS2</b> Calculate, use and understand percentages and percentage changes	<b>QS2</b> Calculate, use and understand percentages and percentage changes
<b>QS3</b> Construct and interpret a range of standard graphical forms	<b>QS3</b> Construct and interpret a range of standard graphical forms
<b>QS4</b> Interpret index numbers	<b>QS4</b> Interpret index numbers
<b>QS5</b> Calculate cost, revenue, profit and break-even	<b>QS5</b> Calculate cost, revenue, profit and break-even
-	<b>QS6</b> Calculate investment appraisal outcomes and interpret results
<b>QS7</b> Interpret values of price and income elasticity of demand	<b>QS7</b> Interpret values of price and income elasticity of demand
<b>QS8</b> Use and interpret quantitative and non-quantitative information in order to make decisions	<b>QS8</b> Use and interpret quantitative and non-quantitative information in order to make decisions
<b>QS9</b> Interpret, apply and analyse information in written, graphical and numerical forms	<b>QS9</b> Interpret, apply and analyse information in written, graphical and numerical forms

## Appendix 8: Glossary of International Accounting Standards

Below is a comparison between the International Accounting Standards and the UK GAAP (Generally Accepted Accounting Practice in the UK) terminology.

The assessments will use the International Accounting Standards terminology.

UK GAAP terminology	International Accounting Standards
<b>Final accounts</b>	<b>Financial statements</b>
<b>Trading and profit and loss account</b>	<b>Statement of comprehensive income</b>
Sales	Revenue
Purchases	Raw materials/ordinary goods purchased
Cost of goods sold	Cost of sales
Stock	Inventory
Work in progress	Work in progress
Gross profit	Gross profit
Sundry expenses	Other operating expenses
Sundry income	Other operating income
Interest receivable	Investment revenues/finance income
Interest payable	Finance costs
Net profit	Profit for the year
<b>Balance sheet</b>	<b>Statement of financial position</b>
<b>Fixed assets</b>	<b>Non-current assets</b>
Land and buildings	Property
Plant and equipment	Plant and equipment
Investments	Investment property
Goodwill etc.	Intangible assets
<b>Current assets</b>	<b>Current assets</b>
Stock	Inventory
Stock take	Inventory count
Debtors	Trade receivables
Prepayments	Other receivables
Bank and cash	Cash

<b>Current liabilities/creditors: amounts due within 12 months</b>	<b>Current liabilities</b>
Creditors	Trade payables
Accruals	Other payables
Loans repayable within 12 months	Bank overdraft and loans
<b>Long-term liabilities/creditors: amounts falling due after 12 months</b>	<b>Non-current liabilities</b>
Loans repayable after 12 months	Bank (and other) loans
Net book value	Carry over
<b>Capital</b>	<b>Capital or equity</b>
Share capital	Share capital

# Appendix 9: Financial statements and accounting ratios

Students will need to learn the key components of the financial statements and their associated accounting ratios below.

Statement of comprehensive income
revenue
– cost of sales
<b>= gross profit</b>
– other operating expenses
<b>= operating profit</b>
– interest
<b>= profit for the year (net profit)</b>

Ratio name	Ratio formula
gross profit margin	$\frac{\text{gross profit}}{\text{revenue}} \times 100\%$
operating profit margin	$\frac{\text{operating profit}}{\text{revenue}} \times 100\%$
profit for the year (net profit) margin	$\frac{\text{profit for the year}}{\text{revenue}} \times 100\%$

Statement of financial position
non-current assets
+ current assets
– current liabilities
– non-current liabilities
<b>= net assets</b>
share capital
+ retained profits
<b>= total equity</b>

Ratio name	Ratio formula
current ratio	$\frac{\text{current assets}}{\text{current liabilities}}$
acid test ratio (liquid capital ratio)	$\frac{\text{current assets} - \text{inventory}}{\text{current liabilities}}$
capital employed	non-current liabilities + total equity
gearing ratio	$\frac{\text{non-current liabilities}}{\text{capital employed}} \times 100\%$

Ratio name	Ratio formula
return on capital employed	$\frac{\text{operating profit}^3}{\text{capital employed}^4} \times 100\%$

<sup>3</sup> From statement of comprehensive income  
<sup>4</sup> From statement of financial position

## Appendix 10: Use of calculators

Students may use a calculator in assessments for these qualifications. Centres are responsible for making sure that calculators used by their students meet the requirements given in the table below.

Students must be familiar with the requirements before their assessments for these qualifications.

<p><b>Calculators must be:</b></p> <ul style="list-style-type: none"> <li>• of a size suitable for use on the desk</li> <li>• either battery or solar powered</li> <li>• free of lids, cases and covers which have printed instructions or formulas.</li> </ul>	<p><b>Calculators must not:</b></p> <ul style="list-style-type: none"> <li>• be designed or adapted to offer any of these facilities:                             <ul style="list-style-type: none"> <li>○ language translators</li> <li>○ symbolic algebra manipulation</li> <li>○ symbolic differentiation or integration</li> <li>○ communication with other machines or the internet.</li> </ul> </li> <li>• be borrowed from another student during an examination for any reason*</li> <li>• have retrievable information stored in them – this includes:                             <ul style="list-style-type: none"> <li>○ databanks</li> <li>○ dictionaries</li> <li>○ mathematical formulas</li> <li>○ text.</li> </ul> </li> </ul>
<p><b>The student is responsible for the following:</b></p> <ul style="list-style-type: none"> <li>• the calculator’s power supply</li> <li>• the calculator’s working condition</li> <li>• clearing anything stored in the calculator.</li> </ul>	

\*An invigilator may give a student a calculator.

Further information can be found in the JCQ documents *Instructions for conducting examinations and Information for candidates for written examinations*, available at [www.jcq.org.uk/exams-office](http://www.jcq.org.uk/exams-office).

**FOR INFORMATION ABOUT EDEXCEL, BTEC OR LCCI QUALIFICATIONS  
VISIT [QUALIFICATIONS.PEARSON.COM](http://QUALIFICATIONS.PEARSON.COM)**

**EDEXCEL IS A REGISTERED TRADEMARK OF PEARSON EDUCATION LIMITED**

**PEARSON EDUCATION LIMITED. REGISTERED IN ENGLAND AND WALES NO. 872828  
REGISTERED OFFICE: 80 STRAND, LONDON WC2R 0RL  
VAT REG NO GB 278 537121**

**GETTY IMAGES: ALEX BELMONLINSKY**

ISBN 978-1-4469-4957-3



9 781446 949573 >