



WOOTTON PARK

'Ipsum quod faciendum est diutius'

Knowledge Maps

GCSE Business Studies- Term 5 and 6

Name	
Tutor Group	

Subject: GCSE Business Studies: Edexcel

Term: 5 and 6

Theme 1

Investigating small businesses

Paper 1 - Theme 1: Investigating small business

Written exam: 90 minutes, 90 marks

- 50% of the total GCSE
- Multiple choice, calculation, short-answer and extended-writing questions
- There are three sections in the paper.
- Each section is ramped, starting with multiple choice questions, moving to short answer questions and ending with extended writing.
- Sections B and C are based on real life, relevant business contexts and examples.

Paper 2 - Theme 2: Building a business

• Written exam: 90 minutes, 90 marks

- 50% of the total GCSE
- Multiple choice, calculation, short-answer and extended-writing questions
- There are three sections in the paper.
- Each section is ramped, starting with multiple choice questions, moving to short answer questions and ending with extended writing.
- Sections B and C are based on real life, relevant business contexts and examples.

Theme 1 comprises five topic areas.

- Topic 1.1 Enterprise and entrepreneurship – the dynamic nature of business in relation to how and why business ideas come about. The impact of risk and reward on business activity and the role of entrepreneurship.
- Topic 1.2 Spotting a business opportunity –how new and small businesses identify opportunities through understanding customer needs and conducting market research, and understanding the competition.
- Topic 1.3 Putting a business idea into practice – this topic focuses on making a business idea happen through identifying aims and objectives and concentrating on the financial aspects.
- Topic 1.4 Making the business effective –factors that impact on the success of the business, including location, the marketing mix and the business plan.
- Topic 1.5 Understanding external influences on business – you will be introduced to a range of factors, many of which are outside of the immediate control of the business, such as stakeholders, technology, legislation and the economy. We will explore how businesses respond to these influences.

Topic 1.1 Enterprise and entrepreneurship

Subject content	What you need to know
1.1.1 The dynamic nature of business	<p>Why new business ideas come about:</p> <ul style="list-style-type: none"> ● changes in technology ● changes in what consumers want ● products and services becoming obsolete. How new business ideas come about: ● original ideas ● adapting existing products/services/ideas.
1.1.2 Risk and reward	<p>The impact of risk and reward on business activity:</p> <ul style="list-style-type: none"> ● risk: business failure, financial loss, lack of security ● reward: business success, profit, independence.
1.1.3 The role of business enterprise	<p>The role of business enterprise and the purpose of business activity:</p> <ul style="list-style-type: none"> ● to produce goods or services ● to meet customer needs ● to add value: convenience, branding, quality, design, unique selling points. <p>The role of entrepreneurship:</p> <ul style="list-style-type: none"> ● an entrepreneur: organises resources, makes business decisions, takes risks.

Topic 1.1 Key words

Key word	Definition
Enterprise	Entrepreneurial activity (can also mean a business or company)
Entrepreneur	Someone who creates a business, taking on financial risks with the aim of making a profit from the business
Consumer	Someone who buys and uses goods and services
Obsolete	Out of date or not used anymore
E-commerce	Using the internet to carry out business transactions
M-commerce	Using mobile technologies, such as smartphones and tablets, to carry out business transactions
Social media	Websites that allow users to interact with other users, by sharing text-based messages, pictures or links to online content
Payment platform	Enable businesses to take online payments from customers. They are usually free for the customer to use, but take a small amount of commission from the seller
Marketplace	The activities involved in buying and selling particular types of goods and services, in competition with other companies
Data	Information, particularly statistics, that can be collected and analysed
Demographic	Relating to the population, such as average age, average income and so on
Risk	The possibility that an enterprise will have lower than anticipated profits or experience a loss
Financial reward	The money that an entrepreneur or investor receives when a business succeeds
Market research	The process of gathering information about the market and customers' needs and wants in order to help inform business decisions, including product design and marketing

Topic 1.1 Key words

Key word	Definition
Revenue forecast	A prediction of future revenue based on expected sales; this is either a judgement or based on previous sales patterns
Cash flow	The amount of money coming in and going out of the business and the timing of the movement
Sales revenue	The amount of money that comes in from a business's sales
Investment	Putting money into a business with the intention of making a profit
Start-up	A new business, usually with only a small number of employees – perhaps only one
Intuition	Knowing something instinctively or understanding something easily without conscious thought
Stakeholder	Anyone who has an interest in the activities of a business, such as its workers, its suppliers, its directors, the local community and the government
Ethics	Moral principles or standards that guide the behaviour of a person or business
Unique selling point (USP)	Something that makes a product stand out from its competitors
Values	Standards of behaviour or moral principles
Loyalty	Wanting to always support something or someone
Market share	The proportion of sales in a market that taken by one business
Economy	The system by which a country's money and goods are produced and used

Topic 1.2 Spotting a business opportunity

Subject content	What you need to know
1.2.1 Customer needs	<p>Identifying and understanding customer needs:</p> <ul style="list-style-type: none"> ● what customer needs are: price, quality, choice, convenience ● the importance of identifying and understanding customers: generating sales, business survival.
1.2.2 Market research	<p>The purpose of market research:</p> <ul style="list-style-type: none"> ● to identify and understand customer needs ● to identify gaps in the market ● to reduce risk ● to inform business decisions. <p>Methods of market research:</p> <ul style="list-style-type: none"> ● primary research: survey, questionnaire, focus group, observation ● secondary research: internet, market reports, government reports. The use of data in market research: <ul style="list-style-type: none"> ● qualitative and quantitative data ● the role of social media in collecting market research data ● the importance of the reliability of market research data.
1.2.3 Market segmentation	<p>How businesses use market segmentation to target customers:</p> <ul style="list-style-type: none"> ● identifying market segments: location, demographics, lifestyle, income, age ● market mapping to identify a gap in the market and the competition.
1.2.4 The competitive environment	<p>Understanding the competitive environment:</p> <ul style="list-style-type: none"> ● strengths and weaknesses of competitors based on: price, quality, location, product range and customer service ● the impact of competition on business decision making.

Topic 1.2 Key words

Key word	Definition
Convenience	A product or service's ability to fit in well with a customer's lifestyle or routine, the ease with which it can be used and/or its easy to reach location
Viable	Able to work properly or successfully
Market research	The process of gathering information about the market and customers' needs and wants in order to help inform business decision, including product design and marketing
Focus group	A group of people who discuss their views on a product, service advertisement or idea, either face-to-face or online
Target market	A particular group of consumers at which a business aims its products and services
Sample	A portion of the population asked for their opinions in order to draw conclusions about the behaviour of the whole population
Data	Information, particularly statistics, that can be collected and analysed
Biased	Unbalanced or inclined to agree with a particular judgement or ideas rather than presenting the evidence fairly
Ethics	Moral principles or standards that guide the behaviour of a person or business
Source	A place, person or thing, such as a book or report, that can provide information to be used in research
Chamber of commerce	A local association that promotes the interest of businesses in a county or region
Trade association	Organisation founded and funded by businesses that operate in a specific industry
Incentive	Something such as a payment or gift that encourages someone to do something

Topic 1.2 Spotting a business opportunity

Subject content	What you need to know
1.2.1 Customer needs	<p>Identifying and understanding customer needs:</p> <ul style="list-style-type: none"> ● what customer needs are: price, quality, choice, convenience ● the importance of identifying and understanding customers: generating sales, business survival.
1.2.2 Market research	<p>The purpose of market research:</p> <ul style="list-style-type: none"> ● to identify and understand customer needs ● to identify gaps in the market ● to reduce risk ● to inform business decisions. <p>Methods of market research:</p> <ul style="list-style-type: none"> ● primary research: survey, questionnaire, focus group, observation ● secondary research: internet, market reports, government reports. The use of data in market research: <ul style="list-style-type: none"> ● qualitative and quantitative data ● the role of social media in collecting market research data ● the importance of the reliability of market research data.
1.2.3 Market segmentation	<p>How businesses use market segmentation to target customers:</p> <ul style="list-style-type: none"> ● identifying market segments: location, demographics, lifestyle, income, age ● market mapping to identify a gap in the market and the competition.
1.2.4 The competitive environment	<p>Understanding the competitive environment:</p> <ul style="list-style-type: none"> ● strengths and weaknesses of competitors based on: price, quality, location, product range and customer service ● the impact of competition on business decision making.

Topic 1.3 Putting a business idea into practice

Subject content	What you need to know
1.3.1 Business aims and objectives	<p>What business aims and business objectives are.</p> <p>Business aims and objectives when starting up:</p> <ul style="list-style-type: none"> ● financial aims and objectives: survival, profit, sales, market share, financial security ● non-financial aims and objectives: social objectives, personal satisfaction, challenge, independence and control. <p>Why aims and objectives differ between businesses.</p>
1.3.2 Business revenues, costs and profits	<p>The concept and calculation of:</p> <ul style="list-style-type: none"> ● revenue ● fixed and variable costs ● total costs ● profit and loss ● interest ● break even level of output ● margin of safety. <p>Interpretation of break even diagrams:</p> <ul style="list-style-type: none"> ● the impact of changes in revenue and costs ● break even level of output ● margin of safety ● profit and loss.



Topic 1.3 Key words we have explored so far

Key word	Definition
Market share	The proportion of sales in a market that are taken by one business
Profit	The amount of revenue left over once costs have been deducted
Social objectives	Likely to be non-financial, such as to reduce the carbon emissions of a business or improve the quality of life for a local community
Stakeholder	Anyone who has an interest in the activities of a business, such as its workers, its suppliers, the local community and the government
Overheads	Fixed costs that come from running an office, shop or factory, which are not affected by the number of specific products or services that are sold
Insolvent	A business that is unable to pay its debts and/or owes more money than it is owed
Asset	Any item of value that a business owns, such as its machinery or premises
Retained profit	Money that a business keeps, rather than paying out to its shareholders
Ethics	Moral principles or standards that guide the behaviour of a person or business
Source	A place, person or thing, such as a book or report, that can provide information to be used in research
Chamber of commerce	A local association that promotes the interest of businesses in a county or region
Trade association	Organisation founded and funded by businesses that operate in a specific industry
Incentive	Something such as a payment or gift that encourages someone to do something

Topic 1.3 Putting a business idea into practice

Subject content	What you need to know
1.3.3 Cash and cash-flow	<p>The importance of cash to a business:</p> <ul style="list-style-type: none"> ● to pay suppliers, overheads and employees ● to prevent business failure (insolvency) ● the difference between cash and profit. <p>Calculation and interpretation of cash-flow forecasts:</p> <ul style="list-style-type: none"> ● cash inflows ● cash outflows ● net cash flow ● opening and closing balances.
1.3.4 Sources of business finance	<p>Sources of finance for a start-up or established small business:</p> <ul style="list-style-type: none"> ● short-term sources: overdraft and trade credit ● long-term sources: personal savings, venture capital, share capital, loans, retained profit and crowd funding.

Topic 1.4 Making the business effective – you will explore a range of factors that impact on the success of the business, including location, the marketing mix and the business plan.

Subject content	What you need to know
<p>1.4.1 The options for start-up and small businesses</p>	<p>The concept of limited liability:</p> <ul style="list-style-type: none"> ● limited and unlimited liability ● the implications for the business owner(s) of limited and unlimited liability. <p>The types of business ownership for start-ups:</p> <ul style="list-style-type: none"> ● sole trader, partnership, private limited company ● the advantages and disadvantages of each type of business ownership. <p>The option of starting up and running a franchise operation:</p> <ul style="list-style-type: none"> ● the advantages and disadvantages of franchising.
<p>1.4.2 Business location</p>	<p>Factors influencing business location:</p> <ul style="list-style-type: none"> ● proximity to: market, labour, materials and competitors ● nature of the business activity ● the impact of the internet on location decisions: e-commerce and/or fixed premises.

Topic 1.4 Making the business effective – you will explore a range of factors that impact on the success of the business, including location, the marketing mix and the business plan.

Subject content	What you need to know
<p>1.4.3 The marketing mix</p>	<p>What the marketing mix is and the importance of each element:</p> <ul style="list-style-type: none"> ● price, product, promotion, place. <p>How the elements of the marketing mix work together:</p> <ul style="list-style-type: none"> ● balancing the marketing mix based on the competitive environment ● the impact of changing consumer needs on the marketing mix ● the impact of technology on the marketing mix: e-commerce, digital communication.
<p>1.4.4 Business plans</p>	<p>The role and importance of a business plan:</p> <ul style="list-style-type: none"> ● to identify: the business idea; business aims and objectives; target market (market research); forecast revenue, cost and profit; cash-flow forecast; sources of finance; location; marketing mix. <p>The purpose of planning business activity:</p> <ul style="list-style-type: none"> ● the role and importance of a business plan in minimising risk and obtaining finance.

Topic 1.4 Key words

Key word	Definition
Limited liability	The level of risk is limited to the amount of money that has been invested in the business or promised as investment
Assets	Property, such as a house or car
Incorporated	A business that is registered as a company, so the business and the owners are separate in the eyes of the law
Unlimited liability	The level of risk goes beyond the amount invested, so the personal assets of the business owner can be used to pay off the business's debts
Unincorporated	A business that is not registered as a company, so the owners and the business are the same body in the eyes of the law
Sole trader	A type of unincorporated business that is owned by just one person
Partnership	A business that is owned by a group of two or more people who share the financial risk, the decision-making and the profits
Deed of partnership	A legal document that defines the terms of a partnership
Private limited company	An incorporated business that is owned by shareholders
Shareholders	Investors who are the part-owners of a company. They invest in the business in return for a share of the profits and voting rights at the AGM
Franchise	When one business gives another business permission to trade using its name and products in return for a fee and share of its profits
Franchisor	An established business that gives permission to an entrepreneur to trade using its name and products
Franchisee	An entrepreneur who pays a fee to trade using the named and products of an established business

Topic 1.4 Key words

Key word	Definition
Labour	Workers or the workforce
Footfall	The number of people passing a particular location within a given time period
Demographics	The characteristics of the population, such as gender, age, religion and wealth
National Living Wage	The minimum amount that a business is legally allowed to pay its employees
Bulk-gaining product	A product that is bigger than the raw materials used to make it, such as a bicycle
Bulk-reducing product	A product that is smaller than the raw materials it uses, such as paper
Convenience good	A product that a customer buys frequently or routinely
Shopping good	A product that a customer takes time to consider before purchasing, by looking at or weighing up a number of options before choosing one
Topography	The physical characteristics of a landscape, such as being flat or hilly
Inertia	A tendency to keep things as they are rather than change
E-commerce	Using the internet to carry out business transactions
M-commerce	Using mobile technologies, such as smartphones and tablets, to carry out business transactions
Multi-channel	Using a number of methods to reach a customer, including physical stores and e-commerce
Undercut	Sell the same product for a lower price than competitors
Price war	When competing businesses try to undercut each other by lowering prices. This leads to an ongoing battle where only the customer benefits, not the businesses

Topic 1.4 Key words

Key word	Definition
Product differentiation	Designing a product with some unique features that distinguish it from similar products sold by competitors
Brand loyalty	A customer's willingness to buy a product from a particular business rather than from its competitors
Market share	The percentage of the total sales of a product in a market that is taken by one business in that market
Recession	A period of economic decline characterised by the fact the economy has failed to grow for 6 consecutive months
Promotional mix	The combination of promotional activities that a business uses to make customers aware of a product, with the aim of increasing sales
Business plan	A document that outlines how an entrepreneur is going to set up a new business
SMART objectives	Objectives that are Specific, Measurable, Achievable, Realistic, and Time-bound
Market research	The process of gathering information about the market and customers' needs and wants in order to help inform business decisions, including product design and marketing
Target market	That group of people that a business has identified as potential customers
Revenue	The money that will come into a business from sales
Profit	The amount of revenue left over once costs have been deducted
Cash flow	The amount of money coming in and going out of the business and the timing of its movement
Budgets	Pre-set financial targets for a business to achieve, like a sales budget, or abide by, such as an expenditure budget, in a given period of time
Negative cash balance	Occurs if the business's opening balance results in the negative amount at the end of the period, leading to a cash shortage
Overdraft	A facility provided by a bank allowing a current account holder to withdraw more money than there is in the account

Topic 1.5 Understanding external influences on business

Subject content	What you need to know
<p>1.5.1 Business stakeholders</p>	<p>Who business stakeholders are and their different objectives:</p> <ul style="list-style-type: none"> ● shareholders (owners), employees, customers, managers, suppliers, local community, pressure groups, the government. <p>Stakeholders and businesses:</p> <ul style="list-style-type: none"> ● how stakeholders are affected by business activity ● how stakeholders impact business activity ● possible conflicts between stakeholder groups.
<p>1.5.2 Technology and business</p>	<p>Different types of technology used by business:</p> <ul style="list-style-type: none"> ● e-commerce ● social media ● digital communication ● payment systems. <p>How technology influences business activity in terms of:</p> <ul style="list-style-type: none"> ● sales ● costs ● marketing mix.

Topic 1.5 Understanding external influences on business

Subject content	What you need to know
1.5.3 Legislation and business	<p>The purpose of legislation:</p> <ul style="list-style-type: none">● principles of consumer law: quality and consumer rights● principles of employment law: recruitment, pay, discrimination and health and safety. <p>The impact of legislation on businesses:</p> <ul style="list-style-type: none">● cost● consequences of meeting and not meeting these obligations.
1.5.4 The economy and business	<p>The impact of the economic climate on businesses:</p> <ul style="list-style-type: none">● unemployment, changing levels of consumer income, inflation, changes in interest rates, government taxation, changes in exchange rates.
1.5.5 External influences	<p>The importance of external influences on business:</p> <ul style="list-style-type: none">● possible responses by the business to changes in: technology, legislation, the economic climate.

Topic 1.5 Key words

Key word	Definition
Stakeholder	Anyone who has an interest in the activities of a business, such as its workers, its suppliers, its directors, the local community and the government
Shareholders	Investors who are part-owners of a company
Private limited company	An incorporated business that owned by shareholders who invest in the business in return for a share of the profits and voting rights at the annual general meeting (AGM)
Public limited company	An incorporated business that can sell shares to the public (also known as a PLC)
Stock exchange	A place where shares in PLCs can be bought or sold
Profit	The amount of revenue left over once costs have been deducted
Payment terms	The period of time that a business has to pay its suppliers
Ethics	Moral principles or standards that guide the behaviour of a person or business
Conflict	A serious disagreement, usually between people, countries or ideas
Real-time	Live or as it happens
Cookies	Small files stored on a customer's computer when the customer visits a website, which record details about that visit and can be accessed by the website when the customer visits it again
Legislation	The laws that a business must comply with
Reasonable care	In consumer law, this means offering a service that is suitable for customers, such as providing a meal that can be eaten
Induction	The period of time after an employee starts a job when they must be shown how to safely and within the employer's expectations

Topic 1.5 Key words

Key word	Definition
Minimum wage	The lowest legal rate of pay for employees, depending on their age and their type of employment
Discrimination	When someone is treated differently to someone else because of a particular characteristic, such as a disability, their ethnicity or their sex
Protected characteristic	Characteristics that cannot be used in the recruitment process to reject a candidate, such as age, disability, sex or gender, marriage status, pregnancy, race religion or believe, or sexual orientation
Levy	A tax on a particular product or service
Globalisation	When businesses operate and in international scale and gain international influence or power
Bank of England	The central bank of the United Kingdom. It manages the country's debts, sets interest rates and influences the exchange rate between the pound and other currencies
Tax	A proportion of an individual's income or a business's profits that must be paid to the government
Imports	The flow of goods and services into a country from another country
Exports	The flow of goods and services out of a country to another country
Gross profit	The amount of profit that a business makes before the business's costs are deducted
Obsolete	Out of date or not used anymore

Numeracy in Business Studies

Focus:	Formula
Unit Cost	Total Costs / Units
Revenue	Selling Price \times Output
Total Variable Costs	Variable Cost \times Output
Total Costs	Total Variable Costs + Fixed Costs
Profit	Total Revenue - Total Costs
Cost Plus Pricing	As it is a mark-up on the variable cost, the company should add on the % e.g. 20% mark-up would be: $\times 1.2$
Market Growth	$\frac{(\text{New} - \text{Original})}{\text{Original}} \times 100$
Market Share	(Company Sales/Market Sales) $\times 100$