



EDEXCEL INTERNATIONAL GCSE (9–1)

BUSINESS

TEACHER RESOURCE PACK

Lesson plan 1: What is business activity?

→ **Alignment with Student Book:** Chapter 1 (pages 4–10)

→ **Resources:** Worksheet 1: Business activity; Student Book

Assessment Objective(s)
<ul style="list-style-type: none"> • AO1 Recall, select and communicate knowledge and understanding of business terms, concepts and issues • AO2 Apply knowledge and understanding using appropriate business terms, concepts, theories and calculations effectively in specific contexts • AO3 Select, organise and interpret business information from sources to investigate and analyse issues
Learning objectives
<p>By the end of the lesson, students should:</p> <ul style="list-style-type: none"> • Understand the nature of business activity and the reasons why businesses exist • Understand the role played by different stakeholders • Understand that businesses operate in a changing business environment
Possible misconceptions and barriers
<ul style="list-style-type: none"> • Students often know a lot about business, but they have never studied it in a lesson before, this means the teacher can draw on knowledge students already have, but do not realise they have.
Specification alignment
<ul style="list-style-type: none"> • –

Starter activity

(Estimated time to complete this activity: 5–10 minutes)

1. Show some images of entrepreneurs and get students to identify the businesses they founded or run.

Main teaching activities

Activity 1

(Estimated time to complete this activity: 10– 5 minutes)

1. Students should read independently the section on business activity in the Student Book, page 5.
2. They should then complete the case study called The Kandy Cycle Shop.

Activity 2

(Estimated time to complete this activity: 10–15 minutes)

1. Explain the concept of business. Ask students ‘What is a business?’
2. Draw out some information in a Q&A to find out what your students think business is all about in this first business lesson.
3. Explain that businesses meet customer needs and wants.
4. Q&A ‘What are needs and what are wants?’ Think Pair share with students (get them to think about it on their own for 60 seconds, then talk about their thoughts with the person they are sitting next to, then share their thoughts with the whole class in a discussion)
5. Students to complete the worksheet Section 1 Needs and wants.

Activity 3

(Estimated time to complete this activity: 10–15 minutes)

1. Explain that businesses offer goods and services.
2. Ask the students 'What are goods and what are services?' Think Pair share with students (get them to think about it on their own for 60 seconds, then talk about their thoughts with the person they are sitting next to, then share their thoughts with the whole class in a discussion)
3. Students should complete the worksheet Section 2 Goods and services.
4. Explain there is a difference between consumer goods and producer goods.

Activity 4

(Estimated time to complete this activity: 20–25 minutes)

1. Explain the role played by different stakeholders. Stakeholders are anyone who has an interest in a business.
2. The teacher should ask students to mind map who the stakeholders of their school are. Good student responses should include:
 - Students
 - Parents
 - Teachers
 - Other staff in the school
 - The local community
 - The government
3. Students should complete worksheet Section 3. The teacher should give examples of main interests/goals to boost students' confidence.

Differentiation

Opportunity for support: Students could use the advice in the Student Book, page 7-8

Opportunity for challenge: Students who finish quickly could consider the points in the case study on stakeholders in the Student Book, page 9.

Activity 5

(Estimated time to complete this activity: 10–15 minutes)

1. Explain the concept that businesses operate in a changing business environment. There should be a student discussion about this.
2. Teachers should try to pull from students what the changes are in the external environment that could impact on businesses. Teachers could talk to students about the global recession. This could include:
 - The strength of competition
 - The economic climate
 - Government legislation
 - Population trends
 - Demand patterns
 - World affairs
 - Social factors

Plenary

(Estimated time to complete this activity: 5–10 minutes)

1. Students should complete worksheet Section 4.

Homework

1. Students should research a business that they are interested in. They should create mini case study profile of that business, and entrepreneur behind it. Students should be ready to submit at the beginning next lesson.

Alternatively:

2. If students are completing the business plan project they should think of a business they would like to set up.
 - There are no limits to their choices.
 - Easier choices include a shop and more challenging choices include manufacturing business.
 - It could be something they are interested in or it could be a hobby they want to turn into a business.
 - Getting this right is important because there will be an opportunity to build on this project throughout the entire course.

The purpose of this project is to provide a chance for students to test their comprehension of what they have learned. As well as creating a longer running project that they can take away with them at the end of the course showing a sample of everything they have learned.

- Task 1 is to explain a little bit about you, who you are and why you have chosen to study business.
- Task 2 is to explain as much as possible about your business idea
- Task 3 is to show or draw some images that communicate what their business will be like.

Advice for non-specialists

1. Read Chapter 1 of the Student Book.
2. Key words to understand before you teach this include:
 - Needs and wants
 - Consumer goods and services
 - Producer goods and services
 - Stakeholders
 - The basics about causes of external change
 - The strength of competition
 - The economic climate
 - Government legislation
 - Population trends
 - Demand patterns
 - World affairs
 - Social factors
 - Business plan

Worksheet 1: Business activity

Section 1: Needs and wants

Answer the questions below.

1. What is the difference between needs and wants?

.....

2. Can you give an example of a need?

.....

3. Can you give an example of a want?

.....

Section 2: Goods and Services

Answer the questions below.

4. What is the difference between consumer goods and services and producer goods and services?

.....

5. What is the difference between consumer goods and services?

.....

6. Draw an example of goods and services. (Or list and provide examples.)

<p>Example of a consumer goods</p>	<p>Example of a consumer Service</p>
<p>Example of a producer goods</p>	<p>Example of a producer goods</p>

Section 3: Stakeholders

Complete the table below.

Main stakeholders	Who are they/What is their role?	What are their main interests/goals?
Owners		
Customers		
Employees		
Managers		
Financiers		
Suppliers		
The local community		
The Government		

Section 4: General business questions

Clare and Craig opened a sign printing business called 'Get Noticed' making shop signs, professional notices and promotional banners.

7. Who is most likely to be a customer of 'Get Noticed'?

- A business supplying printing ink to the company
- A new shop opening in the local shopping centre.
- The public
- The public sector

Patrick and Ian opened a shop selling music memorabilia for music fans. They will sell pictures of pop icons and autographs.

8. Are Patrick and Ian selling ...

- Consumer goods
- Producer goods
- Consumer services
- Producer services

9. Ricardo owns a Caribbean restaurant. He delivers the food to his customers free of charge. Is the delivery an example of a ...
- a) Consumer good
 - b) Producer good
 - c) Consumer service
 - d) Producer service

SAMPLE ASSESMENT MATERIALS

Pearson Edexcel International GCSE in Business (4BS1 mark)

Paper 1: Investigating small businesses

Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box. If you change your mind about an answer, put a line through the box and then mark your new answer with a cross.

1 Viola Trentini has lived on the island of Formentera all her life. Her family runs an ice cream parlour called Casa de Helado in San Antoni, Ibiza. They make their own speciality flavours using high-quality ingredients and in the early days Viola's mama made the ice cream in her own kitchen, until they had to open a small factory to keep up with demand. When Viola took over the management of the business in 2010, she quickly started to expand, focusing on the efficient running of the small factory in Formentera. Now, the business has six ice cream shops across Ibiza and, thanks to Viola's input, Casa de Helado recently started supplying their high-quality ice cream in large catering tubs to restaurants across Spain.

(a) (i) Which of the following is an example of a business operating in the tertiary sector? **(1 mark)**

- A Farming
- B Quarrying
- C Manufacturing
- D Retail shop

(ii) Which of the following terms describes a business that is owned by more than one person and has unlimited liability? **(1 mark)**

- A Sole trader
- B Partnership
- C Private limited company
- D Public sector

(iii) Which of the following could be a financial objective for the owner of a business? **(1 mark)**

- A Increase market share
- B Market conditions
- C Personal satisfaction
- D Social objectives

(iv) Which of the following is the most likely the reason for locating the ice cream shops in Ibiza? **(1 mark)**

- A Proximity to the market
- B Proximity to labour
- C Proximity to materials
- D Proximity to competitors

At the start of June 2017, Casa de Helado predicts the following cash flow forecast figures in euros €:

- June opening cash balance €575,625
- June cash inflow €850,950
- June cash outflow €620,350

(v) What is the closing cash balance for Casa de Helado at the end of June 2017? **(1 mark)**

- A €345,025
- B –€230,600
- C €806,225
- D €230,600

Casa de Helado uses a lot of sugar to make their ice cream. As part of her growth plans, Viola Trentini secured a relationship directly with a supplier in Brazil. Recently, the Brazilian real has fallen sharply in value against the euro.

(vi) What will the impact of this be to Casa de Helado when purchasing sugar from their Brazilian supplier? **(1 mark)**

- A Price of exports falls
- B Price of exports rises
- C Price of imports falls
- D Price of imports rises

(b) Define the term ‘**economies of scale**’. **(1 mark)**

(c) Define the term ‘**fixed costs**’. **(1 mark)**

(d) State **one** variable cost that Casa de Helado may have to pay. **(1 mark)**

Figure 1 shows selected information from Casa de Helado’s statement of comprehensive income in 2016.

Million €

Revenue 8

Cost of sales (3)

Other operating expenses (4)

Figure 1

(e) Calculate Casa de Helado’s gross profit margin in 2016. You are advised to show your working. **(2 marks)**

(f) Explain **one** advantage to a business of locating in a tourist location. **(3 marks)**

(g) Analyse the impact on Casa de Helado of increased competition. **(6 marks)**

(Total for Question 1 = 20 marks)

2 Viola Trentini plans to focus on the restaurant supply side of the business as this is the most profitable activity. It is also her best opportunity of selling her brand of delicious ice cream across the other Balearic Islands and mainland Spain. More staff will have to be employed in her ice cream factory to meet the increasing demand.

(a) State **one** document Casa de Helado should complete in order to recruit staff effectively. **(1 mark)**

(b) State **one** document applicants might have to complete effectively in order to be recruited. **(1 mark)**

Exam Practice Paper 1 'Analyse'

Edexcel International GCSE Business

Harriet Owens is planning to start up a catering business called A1 Catering. The business would focus on preparing food for parties and business functions. Harriet has been saving money for 10 years to buy a home, but instead plans to use this to start A1 Catering.

Analyse the impact of using personal savings as a source of finance to start this business. **(6)**

Mock student response (a)

- Personal savings is money you have saved yourself. Personal savings won't require repayment or attract interest, which is good because money is usually in short when starting any new business.
- The impact of using personal savings would be that if there isn't enough savings to cover costs, A1 catering might have to use another source of finance like a bank loan. Getting a bank loan for the lot might be better for this business because it can be paid back over time and interest can be paid as well.

Mock student response (a)

What are the strengths and weaknesses of this answer?

- Good points made, but there is not very much application to the case study in the question.
- The points could have been developed further.
- In the second point the student makes it sound like the interest payment on a bank loan is a good thing!

Mock student response (b)

- If Harriet Owens is using her personal savings to start up her new businesses, this could be a problem because once the savings are gone, they are gone and setting up the company, A1 Catering, might be quite an expensive task. It all depends how much personal savings Harriet actually has as to whether or not personal savings is the right choice for her business start-up.
- However, personal savings have no additional expense to them, like interest payments for example, so this is one reason it would be good to use them to start this catering business.

Mock student response (b)

- She could consider other options like a loan from a bank or family/ friends. This would be good because, as long as she has collateral, she could borrow quite a large sum of money and then she could still use some of her personal savings to buy more expensive catering equipment, but also she could keep some of her personal savings to fall back on in case there are cash flow problems in the first few months of trading, as cash flow problems are often a reason small businesses go bankrupt.

Mock student response (b)

What are the strengths and weaknesses of this answer?

- Good points made.
- Good application to the case study in the question.
- The points have been well developed using chains of reasoning.
- Good use of some excellent key terms, e.g. reference to cash flow and bankruptcy.
- Excellent use of 'It all depends', which shows higher level thinking/understanding: 'It all depends how much personal savings Harriet actually has as to whether or not personal savings is the right choice for her business start-up.'