



# Topic Tests

For AS/A Level Year 1:  
Edexcel Themes 1 and 2

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# Teacher's Introduction

This resource has been written to support the learning and teaching of Edexcel AS Level and A Level in Business (Theme 1: Marketing and People). It allows students to put their business knowledge to the test on every part of the specification theme. As each test progresses, the questions increase in difficulty towards a final essay-style question. All questions come with answers and the essay questions also benefit from detailed mark schemes.

These topic tests offer seven questions that are related to the Edexcel Business Theme 1 specification and written to the mark requirements that students can expect in their exams. All final essay questions come complete with mini case studies that cover real stories from today's business environments.

Students get plenty of chances to practise their quantitative skills in this resource, including:

- **QS 1:** Calculate, use and understand ratios (Topic Tests 1.3, 2.5 and 2.6)
- **QS 2:** Calculate, use and understand percentages and percentage changes (Topic Test 2.5)
- **QS 3:** Construct and interpret a range of standard graphical forms (Topic Tests 1.5, 2.2, 2.4, 2.5 and 2.8)
- **QS 4:** Interpret index numbers (Topic Test 2.9)
- **QS 5:** Calculate cost and revenue (Topic Tests 1.6, 2.4 and 2.5)
- **QS 6:** Interpret outcome of investment appraisal (Topic Test 1.5)
- **QS 7:** Interpret values of price and income elasticity of demand (Topic Tests 1.3 and 1.4)
- **QS 8:** Use and interpret quantitative and non-quantitative information in order to make decisions (all tests)
- **QS 9:** Interpret, apply and analyse information in written, graphical and numerical forms (all tests)

While extremely valuable to a student's revision, this resource should be treated as a companion to the many other textbooks and exam guides available. As with any subject, it is good to read as widely as possible!

The subjects covered in this resource include everything from market research and price elasticity of demand to motivational theory, entrepreneurship and the marketing mix. Topic tests can be given to students as homework, in order to help solidify their knowledge, or can be used by teachers as a supplement to in-class exercises and activities.

It is hoped that this resource, as well as offering support for teaching the essential elements of the Edexcel examination, will help students fully prepare for their AS and A Level examinations. The business world is a constantly changing one full of fascinating stories. This resource attempts to share some of these stories as a basis for teaching in the most interesting way possible, meanwhile encouraging further study from the next generation of business analysts!

Happy teaching!

July 2016

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\* resulting from minor specification changes, suggestions from teachers and peer reviews, or occasional errors reported by customers

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## Topic Test 1.1: Meeting Customer Needs (1.1)

### SECTION A

1. What does the term 'niche market' mean?
2. What is a business's market share?
3. Explain how risk and uncertainty can affect businesses in different ways.
4. Give an example of direct and indirect competition in order to explain how it affects a business.
5. Assess the importance of a business analysing changes and trends within its market.
6. Assess whether it is best for a company such as Dyson to add value to its products or by improving the way customers perceive them.

### SECTION B

Each new incarnation of the iPhone has sold more than its predecessor – that is, until the release of the iPhone 6S. Apple Inc. sold 51.2 million iPhones between January and March 2016, which is a decrease of 10 million compared to the same time period in 2015. The sales of the iPhone 6S were so low, in fact, that it led to Apple Inc.'s first revenue decrease in 13 years.

With the release of the iPhone 6 and 6S, Apple offered customers a larger handset. The company launched an even larger model in the iPhone 6 plus. 'Larger handset' research had found many times over. Even customers using rival products wanted a larger iPhone 6 (this model went on sale months before the iPhone 6S) once the handset orientation has often been product-focused; the company shows its customers know it themselves. Now, however, consumer demand for new iPhones, and sales, is falling.

Neil Saunders, CEO of retail analysts Conlumino, commented that, 'Apple is the product front to drive sales... Apple's last product unveilings were rather like a company that, while still on the cutting edge of technology, seems to have

Source: <http://money.co.uk>

7. Evaluate the impact that the market had on the success of Apple's iPhone 6S.

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## **Preview of Questions Ends Here**

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## Topic Test 2.10

1. An exchange rate shows the value of one country's currency (1) compared with that of another (1).
2. Interest rates are the costs of borrowing (1) and the rewards for lending (1).
3. Examples include (but are not limited to) increased quality (1) since businesses would like to stand out (1), lower prices and profits (1) for the same reasons, lower barriers for entry (1) so they can compete (1), and threat of punishment (1) for any businesses engaging in anti-competitive behaviour (1).
4. While employee protection covers aspects such as equal opportunities (1) and avoiding discrimination (1), health and safety policy works to ensure aspects such as the welfare of all employees (1) and a safe working environment (1).
5. Students can consider two or more aspects of the importance of environmental-protection (1). These may include (but are not limited to) reduction in destructive business practices; improved business image; avoidance of punishment from not following policy; and improved reputation as being environmentally conscious.
6. Students can consider two or more aspects of influence that government spending has on businesses (1).  
**Increase in spending:** examples include (but are not limited to) creation of short-term jobs in construction firms that are hired to build schools and libraries; creation of long-term jobs for librarians and teachers, as a result of the short-term jobs; and generation of sales for businesses that supply the construction industry.  
**Decrease in spending:** examples include (but are not limited to) businesses less inclined to invest in particular areas where there is low government spending; fewer operations in the area leading to unemployment and less spending on companies' goods.
7. Students should consider the effect on UK businesses of changes in economic factors (1).  
**Exchange rates:** Mark Carney warned that leaving the EU could negatively affect the pound's value and depreciation. This may occur through foreign financial markets deciding to invest less in the pound. If, for the British pound, there is also less demand for UK business.  
**Inflation:** depreciation of the exchange rate may lead to higher inflation of the UK economy as businesses appear cheaper on the world market while imported supplies may become more expensive to afford. This could, however, also lead to UK consumers choosing to buy more from UK businesses to generate more domestic sales.  
**The business cycle:** in addition to high inflation increasing domestic purchases, the uncertainty in the economy, which would significantly hinder the UK's growth. If Brexit occurs, income, they might buy less from UK businesses, which could lead to higher unemployment and fewer sales overall.  
**Uncertainty:** while much of the Brexit debate involves speculation and informed predictions, there is still uncertainty in the air. If the UK economy was set on fire, it is likely that businesses would be affected. Therefore, students may wish to discuss the importance of being prepared for uncertainty as fact.

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## **Preview of Answers Ends Here**

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