



UNIVERSITY *of* CAMBRIDGE  
International Examinations

Cambridge  
International  
AS & A Level

# SYLLABUS

**Cambridge International AS and A Level  
Business Studies**

**9707**

For examination in June and November 2014

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# 1. Introduction

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## 1.1 Why choose Cambridge?

University of Cambridge International Examinations is the world's largest provider of international education programmes and qualifications for 5 to 19 year olds. We are part of the University of Cambridge, trusted for excellence in education. Our qualifications are recognised by the world's universities and employers.

### Recognition

A Cambridge International AS or A Level is recognised around the world by schools, universities and employers. The qualifications are accepted as proof of academic ability for entry to universities worldwide, though some courses do require specific subjects.

Cambridge International A Levels typically take two years to complete and offer a flexible course of study that gives students the freedom to select subjects that are right for them. Cambridge International AS Levels often represent the first half of an A Level course but may also be taken as a freestanding qualification. They are accepted in all UK universities and carry half the weighting of an A Level. University course credit and advanced standing is often available for Cambridge International A/AS Levels in countries such as the USA and Canada.

Learn more at [www.cie.org.uk/recognition](http://www.cie.org.uk/recognition)

### Excellence in education

We understand education. We work with over 9000 schools in over 160 countries who offer our programmes and qualifications. Understanding learners' needs around the world means listening carefully to our community of schools, and we are pleased that 98 % of Cambridge schools say they would recommend us to other schools.

Our mission is to provide excellence in education, and our vision is that Cambridge learners become confident, responsible, innovative and engaged.

Cambridge programmes and qualifications help Cambridge learners to become:

- **confident** in working with information and ideas – their own and those of others
- **responsible** for themselves, responsive to and respectful of others
- **innovative** and equipped for new and future challenges
- **engaged** intellectually and socially, ready to make a difference.

### Support in the classroom

We provide a world-class support service for Cambridge teachers and exams officers. We offer a wide range of teacher materials to Cambridge schools, plus teacher training (online and face-to-face), expert advice and learner-support materials. Exams officers can trust in reliable, efficient administration of exams entry and excellent, personal support from our customer services. Learn more at [www.cie.org.uk/teachers](http://www.cie.org.uk/teachers)

### Not-for-profit, part of the University of Cambridge

We are a part of Cambridge Assessment, a department of the University of Cambridge and a not-for-profit organisation.

We invest constantly in research and development to improve our programmes and qualifications.

## 1.2 Why choose Cambridge International AS and A Level?

Cambridge International AS and A Levels have a proven reputation for preparing students well for university, employment and life. They help develop the in-depth subject knowledge and understanding which are so important to universities and employers.

You can offer almost any combination of 55 subjects. Students can specialise or study a range of subjects, ensuring breadth. Giving students the power to choose helps motivate them throughout their studies.

Cambridge International AS and A Level gives you building blocks to build an individualised curriculum that develops your learners' knowledge, understanding and skills in:

- in-depth subject content
- independent thinking
- applying knowledge and understanding to new as well as familiar situations
- handling and evaluating different types of information sources
- thinking logically and presenting ordered and coherent arguments
- making judgements, recommendations and decisions
- presenting reasoned explanations, understanding implications and communicating them clearly and logically
- working and communicating in English.

The syllabuses are international in outlook, but retain a local relevance. They have been created specifically for an international student body with content to suit a wide variety of schools and avoid cultural bias.

## 1.3 Why choose Cambridge International AS and A Level Business Studies?

Cambridge International AS and A Level Business Studies are accepted by universities and employers as proof of essential knowledge and ability.

The Business Studies syllabus enables candidates to understand and appreciate the nature and scope of business, and the role business plays in society.

The syllabus covers economic, environmental, ethical, governmental, legal, social and technological issues, and encourages a critical understanding of organisations, the markets they serve and the process of adding value. Candidates examine the management of organisations and, in particular, the process of decision-making in the context of a dynamic external environment.

## 1.4 Cambridge AICE (Advanced International Certificate of Education) Diploma

Cambridge AICE (Advanced International Certificate of Education) Diploma is the group award of Cambridge International AS and A Level.

Cambridge AICE Diploma involves the selection of subjects from three curriculum groups – Mathematics and Science; Languages; Arts and Humanities.

A Cambridge International A Level counts as a double-credit qualification and a Cambridge International AS Level as a single-credit qualification within the Cambridge AICE Diploma award framework.

To be considered for an AICE Diploma, a candidate must earn the equivalent of six credits by passing a combination of examinations at either double credit or single credit, with at least one course coming from each of the three curriculum areas.

The AICE Diploma is comprised of examinations administered in May/June and October/November series each year.

Business Studies falls into Group 3, Arts and Humanities.

Learn more about the AICE Diploma at <http://www.cie.org.uk/qualifications/academic/uppersec/aice>

## 1.5 How can I find out more?

### If you are already a Cambridge school

You can make entries for this qualification through your usual channels. If you have any questions, please contact us at [international@cie.org.uk](mailto:international@cie.org.uk)

### If you are not yet a Cambridge school

Learn about the benefits of becoming a Cambridge school at [www.cie.org.uk/startcambridge](http://www.cie.org.uk/startcambridge).  
Email us at [international@cie.org.uk](mailto:international@cie.org.uk) to find out how your organisation can become a Cambridge school.

## 2. Assessment at a glance

Centres and candidates may choose to:

- Take all A and AS components at one exam series, leading to the full Advanced Level qualification (Papers 1, 2 and 3) or
- Take the AS components (Papers 1 and 2) at one exam series and, having received the AS qualification, take the additional A2 component (Paper 3) at a later series, leading to the full Advanced Level qualification or
- Take the AS components only (Papers 1 and 2) at one exam series, leading to the Advanced Subsidiary qualification.

Paper	Weighting	
	AS Level	A Level
<b>Paper 1</b> (Based on Core topics) 1 hour 15 mins Section A: 4 short answer questions Section B: Essay on Core curriculum (1 from a choice of 3 questions)	20% 20%	10% 10%
<b>Paper 2</b> (Based on Core topics) 1 hour 30 mins 2 data response questions	60%	30%
<b>Paper 3</b> (Based on Core + Extension topics) 3 hours Case study: 5 questions + 1 essay (from a choice of 2)	–	50%

### Availability

This syllabus is examined in the May/June examination series and the October/November examination series.

This syllabus is available to private candidates.

Centres in the UK that receive government funding are advised to consult the Cambridge website [www.cie.org.uk](http://www.cie.org.uk) for the latest information before beginning to teach this syllabus.

### Combining this with other syllabuses

Candidates can combine this syllabus in an examination series with any other Cambridge syllabus, except:

- syllabuses with the same title at the same level
- 9756 Cambridge International A Level H2 Management of Business (Singapore)
- 9771 Cambridge Pre-U Business and Management

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## 3. Syllabus aims and objectives

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### 3.1 Aims of the syllabus

The syllabus is intended to encourage candidates to:

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

The emphasis should be on the *application* of concepts and issues to the local context (i.e. the candidate's own country), where appropriate.

### 3.2 Assessment objectives

Candidates are expected to demonstrate the following skills:

AO1: **Knowledge and critical understanding** of the specified content.

AO2: **Application** of this knowledge and understanding to problems and issues which are from both familiar and unfamiliar situations.

AO3: **Analysis** of problems, issues and situations by

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

AO4: **Evaluation** of reliability of material, checking that conclusions drawn are consistent with given information and discriminating between alternative explanations, and assessing the role of the main concepts and models in business analysis.

## Specification grid

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

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

## 4. Curriculum content

Candidates for Advanced Subsidiary Level should study the Core syllabus only.

Candidates for Advanced Level should study the Core syllabus and the Extended syllabus.

No previous study of the subject is assumed. The table below presents the content at a glance.

	Core topics	Extension topics
	<i>All candidates study these topics:</i>	<i>A Level candidates also study additional topics in:</i>
<b>1. Business and its environment</b>	<ul style="list-style-type: none"> <li>Enterprise</li> <li>Business structure</li> <li>Size of business</li> <li>Business objectives</li> <li>Stakeholders in a business</li> </ul>	<ul style="list-style-type: none"> <li>Business structure</li> <li>Size of business</li> <li>External influences on business activity</li> </ul>
<b>2. People in organisations</b>	<ul style="list-style-type: none"> <li>Management and leadership</li> <li>Motivation</li> <li>Human resource management</li> </ul>	<ul style="list-style-type: none"> <li>Human resource management</li> <li>Organisation structure</li> <li>Business communication</li> </ul>
<b>3. Marketing</b>	<ul style="list-style-type: none"> <li>What is marketing?</li> <li>Market research</li> <li>The marketing mix</li> </ul>	<ul style="list-style-type: none"> <li>Marketing planning</li> <li>Globalisation and international marketing</li> </ul>
<b>4. Operations and project management</b>	<ul style="list-style-type: none"> <li>The nature of operations</li> <li>Operations planning</li> <li>Inventory management</li> </ul>	<ul style="list-style-type: none"> <li>Operations planning</li> <li>Capacity utilisation</li> <li>Lean production and quality management</li> <li>Project management</li> </ul>
<b>5. Finance and accounting</b>	<ul style="list-style-type: none"> <li>The need for business finance</li> <li>Sources of finance</li> <li>Forecasting cash flows and managing working capital</li> <li>Costs</li> <li>Accounting fundamentals</li> </ul>	<ul style="list-style-type: none"> <li>Costs</li> <li>Budgets</li> <li>Contents of published accounts</li> <li>Analysis of published accounts</li> <li>Investment appraisal</li> </ul>
<b>6. Strategic management</b>	<i>[No topics at AS Level]</i>	<ul style="list-style-type: none"> <li>What is strategic management?</li> <li>Strategic analysis</li> <li>Strategic choice</li> <li>Strategic implementation</li> </ul>

### 1. Business and its environment

This section is concerned with understanding of the purpose and nature of business activity and the factors that influence and constrain business behaviour and decisions. It provides the basic framework around which the other sections of the syllabus are developed. It also provides a means for integrating business activities, which should always be seen as a whole rather than as individual parts. Central to the understanding of Business and its environment is the idea that the world in which business operates is constantly changing and this requires businesses, if they are to be successful, to adapt and respond to these changes.

### 2. People in organisations

This section focuses on the significance of different management approaches in relation to managing people at work. Contrasting management ideas are analysed, and the different organisation structures a business can adopt are assessed. Candidates should gain an understanding of opportunities and constraints in relation to managing people in organisations. The central role of the management of people in helping business achieve efficiency and competitiveness should be emphasised. Teaching can use local employment conditions, working practices and employment laws as supporting material. Country-specific details will not be examined, because what is important is an understanding of the main concepts involved in the management of people and how they relate to a business.

### 3. Marketing

This section develops an understanding of the importance of Marketing to businesses and how it influences their competitiveness. Knowledge of marketing principles and techniques is then used to analyse situations and solve problems. The relationship between Marketing and other business functions is important. Marketing should be seen as one strand of business decisions which are likely to also have an impact on other functional areas, such as finance and human resource management. These areas will have an impact on marketing decisions too, such as restricting marketing budgets and controls which limit such areas as advertising. Central to the understanding of marketing is the role and influence of the customer, the importance of market research and the need for an integrated marketing mix as a tool to achieve marketing objectives.

### 4. Operations and project management

Operations management is the discipline of how resources are managed to achieve efficient *on-going* production/provision of goods and services. Project management is the discipline of planning, organising and managing resources to bring about the successful completion of *one-off* projects. The curriculum promotes understanding of operational and project decisions in managing a business in primary, secondary and tertiary sectors. Operations and project management decisions should be linked with other functional areas of a business, such as marketing and people. It can usefully be taught alongside marketing, since many of the ideas are inter-linked. Operations and project decisions should be seen in the context of the other factors influencing a business, such as available finance, impact on employees and external factors. Although operations management is often seen in the context of manufacturing processes, the ideas apply equally well in *services* such as retailing.

### 5. Finance and accounting

This section introduces candidates to the importance of the management of finance, the keeping of and analysis of accounts, and the assessment of businesses financial performance. Finance and accounting should be seen in the context of business owners/managers/investors making decisions, rather than from the perspective of the accountant. So, for example, it is the *use* of accounting information to decision makers that is stressed, not the actual construction of accounting statements.

## **6. Strategic management**

The aim in this section is to emphasise the integrated nature of strategic business decisions and the ways businesses implement strategic change successfully. Business strategy is concerned with the key decisions that need to be made by businesses of all sizes to survive and succeed in the long term. Strategic management is, therefore, the management of the long term activities of a business, and this includes the careful integration of: strategic analysis (where is the business now?), strategic choice (identifying and deciding between options) and strategic implementation (planning for and managing change).

## 4.1 Core syllabus

### 1AS: Business and its environment

*The Cambridge International AS Level material has its emphasis on an understanding of key concepts and their application to business situations, although some analysis of some issues is expected together with evaluation. Emphasis should be on the importance of enterprise, business objectives/structure/size and stakeholders. All sizes of businesses should be considered (including multinationals). The word 'environment' is used here in its broadest sense, i.e. not just the physical environment.*

#### 1AS.1 Enterprise

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|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• The nature of business activity</li> <br/> <li>• The role of the entrepreneur</li> <br/> <li>• Social enterprise</li> </ul> | <ul style="list-style-type: none"> <li>• Purpose of business activity</li> <li>• The concept of adding value</li> <li>• The nature of economic activity, the problem of choice and opportunity cost</li> <li>• Business environment is dynamic</li> <li>• What a business needs to succeed</li> <li>• Why many businesses fail early on</li> <li>• Qualities an entrepreneur is likely to need for success</li> <li>• The role of business enterprise in the development of a business and a country</li> <li>• The range and aims of social enterprises</li> <li>• Triple bottom line – economic (financial), social and environmental targets</li> </ul> |
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#### 1AS.2 Business structure

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| <ul style="list-style-type: none"> <li>• Economic sectors</li> <br/> <li>• Legal structures</li> </ul> | <ul style="list-style-type: none"> <li>• Primary, secondary and tertiary sector businesses</li> <li>• The public and private sectors</li> <li>• Main features of different types of legal structure, including ability to raise finance</li> <li>• Appropriateness of legal structure: sole trader, partnership, private limited companies, public limited companies, franchises, co-operatives</li> <li>• Concept of limited liability and its importance</li> <li>• Problems resulting from changing from one legal structure to another</li> </ul> |
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<b>1AS.3 Size of business</b>	
<ul style="list-style-type: none"> <li>• Measurements of business size</li> <li>• Significance of small businesses</li> </ul>	<ul style="list-style-type: none"> <li>• Different methods of measuring the size of a business</li> <li>• Advantages and disadvantages of being a small business</li> <li>• Strengths and weaknesses of family businesses</li> <li>• The importance of small businesses and their role in the economy</li> <li>• The role of small businesses as part of the industry structure in some industries</li> </ul>
<ul style="list-style-type: none"> <li>• Internal growth</li> </ul>	<ul style="list-style-type: none"> <li>• Why and how a business might grow internally</li> </ul>
<b>1AS.4 Business objectives</b>	
<ul style="list-style-type: none"> <li>• Business objectives in the private and sector public sectors</li> </ul>	<ul style="list-style-type: none"> <li>• The nature and importance of business objectives at corporate, departmental and individual levels</li> <li>• Corporate responsibility as a business objective</li> <li>• Relationship between mission statement, objectives, strategy and tactics</li> </ul>
<ul style="list-style-type: none"> <li>• Objectives and business decisions</li> </ul>	<ul style="list-style-type: none"> <li>• The different stages of business decision making and the role of objectives in the stages of business decision making</li> <li>• How objectives might change over time</li> <li>• Translation of objectives into targets and budgets</li> <li>• The communication of objectives and their likely impact on the workforce</li> <li>• How ethics may influence business objectives and activities</li> </ul>
<b>1AS.5 Stakeholders in a business</b>	
	<ul style="list-style-type: none"> <li>• Groups involved in business activity</li> <li>• Roles, rights and responsibilities of the stakeholders</li> <li>• Impact of business decisions/actions on stakeholders, and their reactions</li> <li>• How and why a business needs to be accountable to its stakeholders</li> <li>• How conflict might arise from stakeholders having different aims</li> <li>• How changing business objectives might affect its stakeholders</li> </ul>

## 2AS: People in organisations

*At Cambridge International AS Level the emphasis is on understanding and applying the concepts of people in organisations, with some analysis and evaluation of related problems. The significance of different organisational structures should be understood. The role of various management, leadership and motivation theories should be developed in a practical way. Knowledge of specific national laws and regulations applying to conditions of work is not required.*

### 2AS.1 Management and leadership

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| <ul style="list-style-type: none"> <li>• Management and managers</li> <br/> <li>• Leadership</li> <br/> <li>• Choice of leadership style</li> <br/> <li>• Emotional Intelligence (EQ)</li> </ul> | <ul style="list-style-type: none"> <li>• The functions of management, including Mintzberg's roles of management</li> <li>• Functions, roles and styles</li> <li>• The purpose of leadership</li> <li>• Leadership roles in business (directors, managers, supervisors, worker representatives)</li> <li>• Qualities of a good leader</li> <li>• Leadership styles: autocratic, democratic, laissez faire</li> <li>• McGregor's leadership styles</li> <li>• Goleman's four competencies of emotional intelligence: self-awareness, social awareness, self-management and social skills</li> </ul> |
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### 2AS.2 Motivation

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| <ul style="list-style-type: none"> <li>• Motivation as a tool of management and leadership</li> <li>• Human needs</li> <br/> <li>• Motivation theories</li> <br/> <li>• Motivation methods in practice: financial motivators, non-financial motivators</li> </ul> | <ul style="list-style-type: none"> <li>• The need to motivate employees to achieve the objectives of a business</li> <li>• A simple explanation of human need</li> <li>• How human needs may or may not be satisfied at work</li> <li>• Ideas of the main content theorists (Maslow, Taylor, Mayo, Herzberg) and process theorists (McClelland, Vroom)</li> <li>• The theories in practical situations</li> <li>• Different payment methods (salary, piece rates, commission, bonuses, performance related pay)</li> <li>• Different types of non-financial motivators (training, induction, opportunities for promotion, development, status, job re-design, team working, empowerment, job enrichment, participation, job rotation, perks)</li> <li>• Ways in which employees can participate in the management and control of business activity</li> </ul> |
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**2AS.3 Human resource management (HRM)**

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| <ul style="list-style-type: none"> <li>• Purpose and roles of HRM</li> <br/> <li>• Recruitment and selection</li> <li>• Job descriptions, person specifications, job advertisements</li> <li>• Employment contracts</li> <li>• Disciplinary procedures</li> <li>• Redundancy and dismissal</li> <li>• Staff morale and welfare</li> <br/> <li>• Staff training</li> </ul> | <ul style="list-style-type: none"> <li>• The role of HRM in meeting organisation objectives: recruitment, selection, training, induction, advice, guidance, workforce planning</li> <li>• Labour turnover, methods of recruitment and selection</li> <li>• Purposes of job descriptions, person specifications and job advertisements</li> <li>• Main features of a contract of employment</li> <li>• The importance of disciplinary procedures</li> <li>• Difference between redundancy and dismissal</li> <li>• Relationship between HRM, staff morale and welfare in a business</li> <li>• The purpose of staff development/training as a means of securing required skills and motivating the workforce</li> </ul> |
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**3AS: Marketing**

*The Cambridge International AS Level involves the development of knowledge and application of that knowledge to business situations with some analysis and evaluation of marketing problems. There is an emphasis on the process of finding and satisfying customers, with the focus also on how marketing objectives can be met by understanding, applying and adapting the marketing mix.*

**3AS.1 What is marketing?**

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| <ul style="list-style-type: none"> <li>• Role of marketing and its relationship with other business activities</li> <li>• Supply and demand</li> <li>• Features of markets: location, size, share, competitors, growth</li> <li>• Industrial and consumer markets</li> <li>• Niche versus mass marketing</li> <li>• Segmentation methods</li> </ul> | <ul style="list-style-type: none"> <li>• The link between marketing objectives and corporate objectives</li> <li>• Marketing objectives</li> <li>• Factors influencing the supply and demand for the products/services of a business</li> <li>• Interactions between price, supply and demand</li> <li>• How markets may differ: such as consumer/producer markets; national, regional and international markets</li> <li>• Difference between product and customer orientation</li> <li>• Problems associated with measuring market share and market growth</li> <li>• Implications of changes in market share and growth</li> <li>• Classification of products</li> <li>• How marketing might differ for different types of goods and services</li> <li>• Product differentiation and USP (Unique Selling Point)</li> <li>• Tactics such as mass versus niche marketing, market segmentation, product differentiation and portfolio analysis as ways of achieving marketing objectives</li> </ul> |
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**3AS.2 Market research**

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| <ul style="list-style-type: none"> <li>• Primary and secondary research</li> <li>• Methods of information gathering</li> <li>• Sources of information</li> <li>• Sampling methods</li> <li>• Market research results</li> <li>• Cost effectiveness</li> </ul> | <ul style="list-style-type: none"> <li>• Purpose of market research in determining customer characteristics, wants and needs</li> <li>• Distinction between primary and secondary research, desk and field research, and the main features of each</li> <li>• Printed, paid for and web based sources of information</li> <li>• Random, stratified and quota sampling; the appropriateness of each to given situations</li> <li>• Limitations of sampling</li> <li>• The reliability of data collection</li> <li>• Analysis of results obtained from market research</li> <li>• Presentation of information</li> <li>• Cost effectiveness of market research in given situations (treated descriptively)</li> </ul> |
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**3AS.3 The marketing mix**

<ul style="list-style-type: none"> <li>• The elements of the marketing mix (the 4Ps)</li> <li>• The role of the customer (the 4Cs)</li> <li>• Product</li> <li>• Product Life Cycle</li> <li>• Types of pricing strategies</li> <li>• Price elasticity of demand</li> <li>• Promotion methods</li> <li>• Channels of distribution</li> <li>• Using the Internet for the 4Ps/4Cs</li> <li>• Consistency in the marketing mix</li> </ul>	<ul style="list-style-type: none"> <li>• The 4Ps: Product, Price, Promotion, Place (distribution channels) [Note: some textbooks have 5Ps, 7Ps or 8Ps, but they all carry similar ideas]</li> <li>• The relationship between the customer and the business (the 4Cs): Customer solution, Cost to customer, Communication with customer, Convenience to customer</li> <li>• Ways in which customer relations can be improved</li> <li>• How the 4Cs relate to the 4Ps</li> <li>• Goods, services and products that are a blend of both</li> <li>• Recognising the product as a bundle of tangible and intangible attributes</li> <li>• The importance of product development</li> <li>• How Product Life Cycle stage influences marketing activities</li> <li>• Decisions about extension strategies</li> <li>• Use and value of alternative pricing strategies including competitive, penetration, skimming, price discrimination, cost-based pricing</li> <li>• Determining price elasticity of demand and suitable prices</li> <li>• Above the line and below the line promotion</li> <li>• Types of packaging</li> <li>• Branding as part of product/promotion</li> <li>• Choosing between alternative types of channel of distribution</li> <li>• Online advertising, catalogues, sales, dynamic pricing, distribution (download of digital products)</li> <li>• The need for the marketing mix to be consistent with the business, the product type and the market</li> </ul>
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#### 4AS: Operations and project management

At Cambridge International AS Level, the emphasis is on understanding and applying the concepts of Operations Management, with some analysis and evaluation of related problems. The emphasis is on the way organisations use inputs and manage business processes efficiently.

##### 4AS.1 The nature of operations

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| <ul style="list-style-type: none"> <li>• Inputs, outputs and the transformation process</li> <li>• Effectiveness, efficiency and productivity</li> <li>• Value added</li> <li>• Capital versus labour intensity</li> </ul> | <ul style="list-style-type: none"> <li>• Operations encompasses products and services</li> <li>• Process: from idea/need to final product/service</li> <li>• Resources: land, labour, capital (including intellectual capital)</li> <li>• Difference between effectiveness and efficiency</li> <li>• Productivity: measuring efficiency</li> <li>• How 'value added' is linked to marketing, the operations process and operations decisions</li> <li>• Benefits and limitations of capital and labour intensive processes</li> </ul> |
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##### 4AS.2 Operations planning

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| <ul style="list-style-type: none"> <li>• Operations decisions</li> <li>• Flexibility and innovation</li> <li>• Operations methods: job, batch, flow, mass customisation</li> <li>• Location</li> <li>• Scale of operation</li> </ul> | <ul style="list-style-type: none"> <li>• The influence of marketing, availability of resources and technology (e.g. CAD and CAM) on operations decisions</li> <li>• The need for flexibility with regard to volume, delivery time and specification</li> <li>• Process innovation</li> <li>• Differences between methods – advantages and disadvantages of each method</li> <li>• Problems of changing from one method to another</li> <li>• Factors that determine (a) location and (b) relocation: geographic, demographic, legal, political, resources, infrastructure, marketing</li> <li>• Differences between local, regional, national, international location decisions</li> <li>• Factors that influence the scale of a business</li> <li>• Causes and examples of internal/external economies/diseconomies of scale</li> <li>• Links between economies of scale and unit costs</li> </ul> |
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##### 4AS.3 Inventory management

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| <ul style="list-style-type: none"> <li>• Purpose, costs and benefits of inventory</li> <li>• Managing inventory</li> </ul> | <ul style="list-style-type: none"> <li>• Purpose of inventory within a business [raw materials, work in progress, finished products]</li> <li>• Costs and benefits of holding inventory</li> <li>• Buffer inventory, reorder level and lead time</li> <li>• Construction and interpretation of simple inventory control charts</li> <li>• Inventory control methods including buffer inventory and Just in Time (JIT)</li> </ul> <p>[Note: While candidates should appreciate the need for inventory control and the general methods which may be employed, the mathematics of the methods will not be examined.]</p> |
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**5AS: Finance and accounting**

*At Cambridge International AS Level the emphasis is on finance, the sources of finance and a basic understanding of published accounts. Candidates will need to understand the concepts of finance and cash flow and apply these to practical situations. Analysis and evaluation of tactical solutions to finance and cash flow problems will be expected.*

**5AS.1 The need for business finance**

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| <ul style="list-style-type: none"> <li>• Start up capital, capital for expansion</li> <li>• Working capital</li> </ul> | <ul style="list-style-type: none"> <li>• Why businesses need finance to start up and to grow</li> <li>• Why different needs for finance might mean different sources are appropriate</li> <li>• The meaning and significance of working capital as a source of finance</li> <li>• Significance of the distinction between revenue and capital expenditure</li> </ul> |
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**5AS.2 Sources of finance**

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| <ul style="list-style-type: none"> <li>• Legal structure and sources of finance</li> <li>• Short term finance and long term finance</li> <li>• Internal sources</li> <li>• External sources</li> <li>• Factors influencing the sources of finance</li> <li>• Selecting the source of finance</li> </ul> | <ul style="list-style-type: none"> <li>• The relationship between the legal structure of a business and its sources of finance</li> <li>• Distinction between short and long term sources of finance</li> <li>• Internal sources of finance: retained profits, sale of assets, working capital</li> <li>• External sources of finance: share capital (including Stock Exchanges), venture capital, overdrafts, loans, mortgages, debentures, Government grants and loans, new partners</li> <li>• Factors influencing the choice of sources of finance in a given situation: cost, flexibility, need to retain control, the use to which it is put</li> <li>• The appropriateness of each possible source in a given situation [excluding, at Cambridge International AS Level, the application of the gearing ratio]</li> </ul> |
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<b>5AS.3 Forecasting cash flows and managing working capital</b>	
<ul style="list-style-type: none"> <li>• Purposes of cash flow forecasts</li> <li>• Cash flow forecasts in practice</li> <li>• Methods of improving cash flow</li> </ul>	<ul style="list-style-type: none"> <li>• Difference between cash and profits</li> <li>• The need to hold a suitable level of cash within a business, and the consequences of not doing so</li> <li>• Uses of cash flow forecasts</li> <li>• Construction of cash flow forecasts</li> <li>• Interpretation of simple cash flow forecasts from given data</li> <li>• Amendment of cash flow forecasts in the light of changes in business circumstances</li> <li>• How debtors, reducing costs and/or extending credit periods can improve cash flow</li> <li>• Further methods of improving cash flows: debt factoring, sale and leaseback, leasing</li> <li>• Recognition of situations in which the various methods of improving cash flow can be used</li> </ul>
<b>5AS.4 Costs</b>	
<ul style="list-style-type: none"> <li>• Cost information</li> <li>• Uses of cost information</li> <li>• Break-even analysis</li> </ul>	<ul style="list-style-type: none"> <li>• The need for accurate cost data</li> <li>• Types of costs: fixed, variable, marginal; direct and indirect</li> <li>• Problems of trying to allocate costs in given situations</li> <li>• Cost information for decision making purposes e.g. average, marginal, total costs</li> <li>• How costs can be used for pricing decisions</li> <li>• How an analysis of costs can help in the calculation of payments for resources</li> <li>• How costs can be used to monitor and improve business performance, including using cost information to calculate profits</li> <li>• Determining the minimum level of production needed to break even or the profit made</li> <li>• Calculation of the margin of safety</li> <li>• Uses and limitations of break-even analysis</li> </ul>

<b>5AS.5 Accounting fundamentals</b>	
<ul style="list-style-type: none"> <li>• Income statement</li> <li>• Balance sheet</li> <li>• Liquidity ratios</li> <li>• Profitability ratios</li> <li>• Practical use of ratio analysis</li> <li>• Main users of accounts</li> <li>• Limitations of published accounts</li> </ul>	<ul style="list-style-type: none"> <li>• Contents of an income statement including: cost of sales, gross profit, profit (before tax) for the year, retained profit</li> <li>• Contents of a balance sheet including: non-current assets, current assets, current liabilities, working capital, net assets, non-current liabilities, reserves and equity</li> <li>• Acid test ratio, current ratio</li> <li>• Gross profit margin, net profit margin</li> <li>• How each of these ratios is used</li> <li>• Reasons for the results obtained</li> <li>• Ways that businesses might try to improve ratio results</li> <li>• Comparison of ratios results between businesses</li> <li>• Limitations of these accounting ratios</li> <li>• Identification of the kind of information that individual stakeholder groups might seek</li> <li>• Limitations of the usefulness of published accounts: historical, may not reflect the future, may be out of date, does not reflect qualitative aspects of a business, possibility of 'window dressing', may not have details of the performance of individual parts of a business</li> <li>• Distinction between financial and management accounting [N.B. Knowledge of specific Accounting Standards is not required. International accounting terminology will be used, e.g. income statement rather than profit and loss account – see Appendix.]</li> </ul>

## 4.2 Extended syllabus

### 1AL: Business and its environment

*The Cambridge International A Level includes the content and skills of the Cambridge International AS Level. The aim at Cambridge International A Level is to use awareness of the key concepts to make decisions and develop plans of action that would allow a business to react positively to external changes. Some knowledge will be directly examined. Emphasis is on recognising the potential conflict between objectives, and the resolution of such conflicts. There should be an appreciation of the nature of the uncertain business environment and the development of business plans of action which aim to respond effectively to the changing business environment. Knowledge of country specific laws and customs are not required, since the emphasis is on understanding how businesses might have to change their behaviour when influenced by such constraints.*

#### 1AL.1 Enterprise

*No topics beyond Cambridge International AS Level.*

#### 1AL.2 Business structure

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| <ul style="list-style-type: none"> <li>Local, national and multinational businesses</li> <li>Multinationals</li> <li>Privatisation/nationalisation</li> <li>Public/private partnerships</li> </ul> | <ul style="list-style-type: none"> <li>Main differences between local, national and multinational businesses</li> <li>The growing importance of international trading links and their impact on business activity</li> <li>Benefits and disadvantages that a multinational might bring to a country</li> <li>Possible relationships between multinationals and the state</li> <li>Advantages and disadvantages of privatisation or nationalisation in a given situation</li> <li>The nature of public/private partnerships including private finance initiatives (PFI)</li> </ul> |
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#### 1AL.3 Size of business

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| <ul style="list-style-type: none"> <li>External growth</li> </ul> | <ul style="list-style-type: none"> <li>The different types of merger and takeover: horizontal, vertical (backward and forward), conglomerate, friendly merger, hostile takeover</li> <li>Impact of a merger on the various stakeholders</li> <li>Why a merger may or may not achieve objectives</li> <li>The importance of joint ventures and strategic alliances as methods of external growth</li> </ul> |
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#### 1AL.4 Business objectives

*No topics beyond Cambridge International AS Level.*

#### 1AL.5 Stakeholders in a business

*No topics beyond Cambridge International AS Level.*

**1AL.6 External influences on business activity**

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| <ul style="list-style-type: none"> <li>• Economic constraints and enablers</li> </ul>                                  | <ul style="list-style-type: none"> <li>• How the state might intervene to help businesses (small and large)</li> <li>• How the state might intervene to constrain businesses (small and large)</li> <li>• How the state might deal with market failure</li> <li>• The key macroeconomic objectives of governments: low unemployment, low inflation, stable exchange rates, growth, transfer of wealth</li> <li>• How these macroeconomic objectives can have an impact on business activity</li> <li>• How a government might place a different emphasis on macroeconomic objectives from time to time</li> <li>• Policy instruments used to achieve macroeconomic objectives e.g. monetary, fiscal and exchange rate policies</li> <li>• How changes in macroeconomic performance and policies may affect business behaviour</li> <li>• The impact of and issues associated with corporate social responsibility (CSR) e.g. accounting practices, paying incentives for the award of contracts</li> </ul> |
| <ul style="list-style-type: none"> <li>• Political and legal</li> </ul>                                                | <ul style="list-style-type: none"> <li>• How the Government and the law might seek to control: employment, conditions of work (including health and safety), minimum wage, marketing behaviour, competition, location decisions, particular goods and services</li> <li>• How international agreements might have an impact on businesses</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <ul style="list-style-type: none"> <li>• Technological (including the Internet)</li> <li>• Other businesses</li> </ul> | <ul style="list-style-type: none"> <li>• Problems of introducing technological change</li> <li>• How businesses are constrained by and rely on other businesses</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <ul style="list-style-type: none"> <li>• Social</li> </ul>                                                             | <ul style="list-style-type: none"> <li>• Why businesses need to consider the needs of the community including pressure groups</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <ul style="list-style-type: none"> <li>• Demographic</li> <li>• Environmental</li> </ul>                               | <ul style="list-style-type: none"> <li>• How a business might react to a given demographic change</li> <li>• How (physical) environmental issues might influence business behaviour</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

## 2AL: People in organisations

The Cambridge International A Level includes the content and skills of the Cambridge International AS Level. Although some further knowledge and application of that knowledge will be directly tested at Cambridge International A Level, the emphasis is on the interrelationship between organisation structure, leadership style and management of people within a business. Candidates will be expected to evaluate the implications of these for the effective planning and management of human resources.

### 2AL.1 Management and leadership

No topics beyond Cambridge International AS Level.

### 2AL.2 Motivation

No topics beyond Cambridge International AS Level.

### 2AL.3 Human resource management (HRM)

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| <ul style="list-style-type: none"> <li>• Measures of employee performance</li> <li>• Management by objectives</li> <li>• Labour legislation</li> <li>• Co-operation between management and workforce</li> <li>• Workforce planning</li> <li>• Role of trades unions in HRM</li> <li>• Negotiation</li> <li>• Single union deals</li> </ul> | <ul style="list-style-type: none"> <li>• The measurement, causes and consequences of poor employee performance</li> <li>• Strategies for improving employee performance</li> <li>• The implementation and usefulness of management by objectives</li> <li>• The need for labour legislation and the broad principles that often underlie it</li> <li>• How co-operation between management and the workforce can be of benefit to both</li> <li>• Reasons for and role of a workforce plan</li> <li>• Purpose and value of trade unions</li> <li>• Reasons for joining a trade union</li> <li>• Main processes involved in negotiation; situations in which it might be effective</li> <li>• Collective bargaining</li> <li>• The processes involved in conciliation and arbitration; situations in which either might be useful</li> <li>• The meaning of single union deals and why they might be used</li> </ul> |
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<b>2AL.4 Organisation structure</b>	
<ul style="list-style-type: none"> <li>Relationship between business objectives, people and organisational structure</li> <li>Types of structure: functional, hierarchical (flat and narrow), matrix</li> <li>Formal and informal organisations</li> <li>Delegation and accountability</li> <li>Control, authority and trust</li> <li>Centralisation</li> <li>Line and staff</li> </ul>	<ul style="list-style-type: none"> <li>Purpose and attributes of an organisational structure such as flexibility, meet the needs of the business, permit growth and development</li> <li>Advantages and disadvantages of the different types of structure</li> <li>Why some organisations are structured by product and others by function or geographical area</li> <li>The ways structures change with growth</li> <li>Features of a formal structure: levels of hierarchy, chain of command, span of control, responsibility, authority, delegation/accountability, centralised/decentralised</li> <li>Relationship between delegation and accountability</li> <li>Processes of accountability in a business</li> <li>Advantages and disadvantages of delegating</li> <li>The impact of delegation on motivation</li> <li>Relationship between span of control and levels of hierarchy</li> <li>Difference between authority and responsibility</li> <li>Conflicts between control and trust that might arise when delegating</li> <li>Advantages and disadvantages of centralisation for stakeholders</li> <li>Examples of and distinctions between line and staff management; conflict between them</li> </ul>
<b>2AL.5 Business communication</b>	
<ul style="list-style-type: none"> <li>Purposes of communication</li> <li>Methods of communication</li> <li>Channels of communication</li> <li>Barriers to communication</li> <li>The role of management in facilitating communication</li> </ul>	<ul style="list-style-type: none"> <li>Situations in which communication is essential</li> <li>Standard methods of communication: interpersonal, general to and within groups; spoken, written, electronic</li> <li>Strengths and weaknesses of the different methods of communication</li> <li>How communication works within an organisation</li> <li>Difference between one- and two-way communication; difference between vertical and horizontal communication</li> <li>Problems associated with different channels of communication</li> <li>Barriers to communication: attitudes, perceptions, noise, language, inappropriate medium, etc.</li> <li>The role of informal communications within a business</li> <li>Ways in which communication can influence the efficiency of a business</li> <li>Ways of improving communication in a given situation</li> </ul>

**3AL: Marketing**

*The Cambridge International A Level includes the content and skills of the Cambridge International AS Level. Although some additional knowledge and application of that knowledge will be directly tested at Cambridge International A Level, the emphasis is on using marketing concepts to develop strategies and evaluate changing situations/options.*

**3AL.1 What is marketing?**

*No topics beyond Cambridge International AS Level.*

**3AL.2 Market research**

*No topics beyond Cambridge International AS Level.*

**3AL.3 The marketing mix**

*No topics beyond Cambridge International AS Level.*

**3AL.4 Marketing planning**

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| <ul style="list-style-type: none"> <li>• Market planning</li> <li>• Elasticity</li> <li>• Product development</li> <li>• Promotional campaigns</li> <li>• Forecasting</li> <li>• Coordinated marketing mix</li> </ul> | <ul style="list-style-type: none"> <li>• The detailed marketing plan; associated benefits</li> <li>• Income elasticity, promotional elasticity, cross elasticity; usefulness of the concept of elasticity in its various forms</li> <li>• Product development as a process from original conception to launch and beyond</li> <li>• Sources of new ideas for product development</li> <li>• The importance of Research and Development</li> <li>• Applying the ideas of AIDA and DAGMAR in choosing a promotional campaign</li> <li>• The need to forecast marketing data</li> <li>• Calculation and use of moving average method to forecast sales</li> <li>• The need for and development of a co-ordinated marketing mix</li> <li>• Development of marketing strategies that are focused towards achieving specific marketing objectives</li> </ul> |
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**3AL.5 Globalisation and international marketing**

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| <ul style="list-style-type: none"> <li>• Globalisation</li> <li>• Strategies for international marketing</li> </ul> | <ul style="list-style-type: none"> <li>• Economic globalisation within the context of the broader concept of 'globalisation'</li> <li>• The implications for marketing of increased globalisation</li> <li>• The importance of international marketing for a specific business/situation</li> <li>• International markets – identification, selection and entry</li> <li>• Whether a business in a given situation should develop an international market through pan-global marketing <i>or</i> maintain local differences</li> <li>• Choosing a strategy, in a given situation, to develop a global market</li> <li>• Factors influencing the method of entry into international markets</li> </ul> |
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**4AL: Operations and project management**

*The Cambridge International A Level includes the content and skills of the Cambridge International AS Level. Although additional knowledge and application of this knowledge will be directly tested at Cambridge International A Level, the emphasis is on using operations and project management concepts and techniques to develop strategies, improve efficiency and evaluate situations/options.*

**4AL.1 The nature of operations**

*No topics beyond Cambridge International AS Level.*

**4AL.2 Operations planning**

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| <ul style="list-style-type: none"> <li>Enterprise resource planning (ERP)</li> </ul> | <ul style="list-style-type: none"> <li>Main features of an ERP programme</li> <li>How ERP can improve a business' efficiency in relation to: inventory control, costing and pricing, capacity utilisation, responses to change, management information</li> </ul> |
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**4AL.3 Inventory management**

*No topics beyond Cambridge International AS Level.*

**4AL.4 Capacity utilisation**

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| <ul style="list-style-type: none"> <li>Measurement and significance of capacity</li> <li>Increasing capacity utilisation</li> <li>Outsourcing</li> </ul> | <ul style="list-style-type: none"> <li>How capacity utilisation can be measured</li> <li>Implications of operating under or over maximum capacity</li> <li>Choosing methods of improving capacity utilisation (e.g. through rationalisation, sub-contracting)</li> <li>Benefits of outsourcing in a given situation</li> </ul> |
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**4AL.5 Lean production and quality management**

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| <ul style="list-style-type: none"> <li>Lean production</li> <li>Kaizen</li> <li>Just in Time</li> <li>Quality control and assurance</li> <li>Total Quality Management</li> <li>Benchmarking</li> </ul> | <ul style="list-style-type: none"> <li>Links between lean production and inventory control, quality, employees roles, capacity management and efficiency</li> <li>Kaizen (continuous improvement) in the context of lean production</li> <li>JIT in the context of lean production</li> <li>Implications and justification of adopting a JIT approach</li> <li>Quality in terms of what the customer demands</li> <li>The importance of quality assurance</li> <li>Methods of quality control: inspection, testing, random sampling, involving the workforce in quality control</li> <li>The link between quality and training</li> <li>Aims and effectiveness of TQM</li> <li>The potential of Kaizen in TQM</li> <li>The importance of benchmarking in quality control</li> </ul> |
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**4AL.6 Project management**

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| <ul style="list-style-type: none"><li>• The need for projects and project management</li><li>• Network diagrams</li><li>• Critical Path Analysis (CPA)</li></ul> | <ul style="list-style-type: none"><li>• Projects as a response to the need for change</li><li>• Reasons and impact of project failure, including examples</li><li>• Main elements of a network diagram: activities, dummy activities, nodes</li><li>• Construction of a network from given data</li><li>• Finding the minimum project duration and the critical path</li><li>• Calculation of total and free float</li><li>• Interpretation of the results of the analysis of a network</li><li>• How minimum duration and floats might be used in project management</li><li>• CPA as a management tool</li></ul> |
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<b>5AL: Finance and accounting</b>	
<i>The Cambridge International A Level includes the content and skills of the Cambridge International AS Level. The focus at Cambridge International A Level is on using accounting information to aid strategic decision making and to evaluate the performance of a business and business investment projects in financial terms.</i>	
<b>5AL.1 The need for business finance</b>	
<i>No topics beyond Cambridge International AS Level.</i>	
<b>5AL.2 Sources of finance</b>	
<i>No topics beyond Cambridge International AS Level.</i>	
<b>5AL.3 Forecasting cash flows and managing working capital</b>	
<i>No topics beyond Cambridge International AS Level.</i>	
<b>5AL.4 Costs</b>	
<ul style="list-style-type: none"> <li>Approaches to costing: absorption, contribution</li> <li>Solutions to costing problems</li> </ul>	<ul style="list-style-type: none"> <li>Differences between absorption and contribution costing</li> <li>Circumstances in which the absorption costing method is appropriate</li> <li>The nature of the technique of contribution costing</li> <li>The difference between contribution and profit</li> <li>Limitations of contribution costing</li> <li>Situations in which contribution costing would be and would not be used</li> <li>Solution of numerical problems involving costing methods</li> <li>Using contribution costing to help with 'accept/reject' order decisions</li> </ul>
<b>5AL.5 Accounting fundamentals</b>	
<i>No topics beyond Cambridge International AS Level.</i>	
<b>5AL.6 Budgets</b>	
<ul style="list-style-type: none"> <li>The purposes of budgets</li> <li>Variances: adverse, favourable</li> </ul>	<ul style="list-style-type: none"> <li>Performance</li> <li>Benefits and drawbacks from the use of budgets</li> <li>How budgets might be produced</li> <li>Use of flexible budgets and zero budgeting</li> <li>Purposes of budgets for allocating resources, controlling and monitoring of a business</li> <li>Role of budgets in appraising business</li> <li>The meaning of variances</li> <li>Calculation and interpretation of variances [but not price/volume variances]</li> </ul>

<b>5AL.7 Contents of published accounts</b>	
<ul style="list-style-type: none"> <li>• The income statement</li> <li>• The balance sheet</li> <li>• Intangible assets</li> <li>• Inventory valuation</li> <li>• Depreciation</li> </ul>	<ul style="list-style-type: none"> <li>• Construction or amendment of an income statement from given data</li> <li>• The impact on the income statement of a given change</li> <li>• Construction or amendment of a balance sheet from given data</li> <li>• The relationships between items in the income statement and the balance sheet</li> <li>• How intangible assets are treated in the balance sheet</li> <li>• The difficulties of valuing inventory</li> <li>• The net realisable value method [But LIFO and FIFO will not be examined]</li> <li>• The role of depreciation in the accounts</li> <li>• The impact of depreciation (straight line method only) on the balance sheet and the income statement</li> <li>• The impact on the balance sheet of a given change in valuing intangible assets or inventories</li> </ul>
<b>5AL.8 Analysis of published accounts</b>	
<ul style="list-style-type: none"> <li>• Profitability ratio</li> <li>• Financial efficiency ratios</li> <li>• Gearing</li> <li>• Investor ratios</li> <li>• Practical use of ratio analysis</li> </ul>	<ul style="list-style-type: none"> <li>• Return on capital employed</li> <li>• Inventory turnover, days' sales in trade receivables</li> <li>• All usual definitions of gearing are acceptable e.g. Debt/Equity and Debt/(Debt + Equity). It is the interpretation of the calculation that is important – including for selection of source of finance</li> <li>• Dividend yield, dividend cover, price/earnings ratio</li> <li>• How each of these ratios is used</li> <li>• Reasons for the results obtained</li> <li>• Strategies that businesses might adopt to improve ratio results</li> <li>• Comparison of ratios results between businesses</li> <li>• Limitations of these accounting ratios</li> </ul>

<b>5AL.9 Investment appraisal</b>	
<ul style="list-style-type: none"><li>• The concept of investment appraisal</li><li>• Forecasting cash flows</li><li>• Basic methods: payback, average rate of return (ARR)</li><li>• Discounted cash flow methods: discounted payback, net present value (NPV), internal rate of return (IRR)</li><li>• Qualitative factors in investment appraisal</li></ul>	<ul style="list-style-type: none"><li>• The need for investment appraisal</li><li>• The significance of risk in investment decisions</li><li>• Interpretation of a cash flow forecast</li><li>• Uncertainty in cash flow forecasts</li><li>• The meaning, calculation and interpretation of payback and ARR</li><li>• The meaning, calculation and interpretation of discounted payback and NPV</li><li>• The meaning and interpretation (but not the calculation) of IRR</li><li>• Qualitative factors that might influence an investment decision in a given situation</li><li>• Comparison of the investment appraisal methods, including their limitations</li></ul>

## 6AL: Strategic management

The aim of this Cambridge International A Level unit is to emphasise the integrated nature of strategic business decisions and the ways businesses implement strategic change successfully. Business strategy is concerned with the key decisions that need to be made by businesses of all sizes to survive and succeed in the long term. Strategic management is, therefore, the management of the long term activities of a business and this includes the careful integration of: strategic analysis (where is the business now?), strategic choice (identifying and deciding between options) and strategic implementation (planning for and managing change).

This unit introduces some new subject content, but it also gathers together and synthesises business ideas, concepts and techniques from other topic areas of the syllabus. Selecting between and justifying strategies is the central theme of this Cambridge International A Level Unit. Candidates will be expected to analyse, develop and evaluate future long term strategies in a variety of business situations. While some strategies may relate directly to particular functional areas, there will be a need to judge the likely overall effectiveness of these in the wider context of the business and its overall aims.

### 6AL.1 What is strategic management?

- |                                                                                              |                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Understanding what strategic management is</li> </ul> | <ul style="list-style-type: none"> <li>The meaning of corporate strategy, tactics and strategic management</li> <li>The need for strategic management</li> <li>Chandler's assertion that strategy should determine organisational structure</li> <li>How business strategy determines competitive advantage in an increasingly competitive world</li> </ul> |
|----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### 6AL.2 Strategic analysis

- |                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>SWOT analysis</li> <li>PEST or External Environment analysis</li> <li>Business vision/mission statement and objectives</li> <li>Boston Matrix</li> <li>5 Forces analysis</li> <li>Core Competencies</li> </ul> | <ul style="list-style-type: none"> <li>Undertake and interpret SWOT analysis in a given situation</li> <li>Development of the outcome of a SWOT analysis into strategic objectives</li> <li>Undertake and interpret PEST analysis in a given situation</li> <li>Evaluation of the role of business vision/mission statements and objectives in strategic analysis</li> <li>Undertake and interpret Boston Matrix analysis on the product portfolio of a business</li> <li>Use Porter's 5 Forces analysis as a framework for business strategy</li> <li>Use Prahalad and Hamel's Core Competencies analysis as a framework for business strategy</li> </ul> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

<b>6AL.3 Strategic choice</b>	
<ul style="list-style-type: none"> <li>• Ansoff's Matrix</li> <li>• Force Field Analysis</li> <li>• Decision trees</li> </ul>	<ul style="list-style-type: none"> <li>• The structure of Ansoff's Matrix and how it analyses the link between business strategy and risk</li> <li>• Use of Ansoff's Matrix to analyse and evaluate different business strategies in a given situation</li> <li>• The use of simple Force Field Analysis as a means of making strategic choices in a given situation</li> <li>• Construction of simple decision trees from information given</li> <li>• Calculation of the expected monetary values from decision trees and use of the results to assist in selecting most appropriate strategy</li> <li>• The usefulness of decision trees including an assessment of the accuracy of the data they contain</li> </ul>
<b>6AL.4 Strategic implementation</b>	
<ul style="list-style-type: none"> <li>• Business plans</li> <li>• Corporate culture and strategic implementation</li> <li>• Developing a change culture</li> <li>• Managing and controlling strategic change</li> <li>• Contingency planning and crisis management</li> </ul>	<ul style="list-style-type: none"> <li>• Key elements of a business plan</li> <li>• The value of a business plan for large and small, established and start-up businesses</li> <li>• Different types of corporate culture such as power, entrepreneurial and task</li> <li>• Importance of corporate culture in strategic implementation in a given situation</li> <li>• Importance of developing a change culture to allow effective implementations of new strategies</li> <li>• The importance of leading and managing change</li> <li>• Techniques to implement and manage change successfully</li> <li>• Development of a strategy to manage change in a given situation</li> <li>• Importance of contingency planning and crisis management</li> </ul>

## 5. Resource list

The following pages list textbooks, reference books and other resources. The inclusion of a book does not imply a recommendation (except for *Cambridge International AS and A Level Business Studies* by Stimpson and Farquharson). This list was checked and revised in 2012 for the 2014 syllabus. Check the Internet for more recent editions.

### Introductory Reading

Students considering taking or just beginning the course may find it interesting to look at one of the Cambridge IGCSE endorsed textbooks: Borrington and Stimpson (ISBN 034092649), Nuttall and Houghton (ISBN 0521122108), or Dransfield, Needham, Garrett and King (ISBN 1408506479).

### Recommended Textbook

The recommended textbook is ***Cambridge International AS and A Level Business Studies*** by Peter Stimpson and Alastair Farquharson. The publisher is Cambridge University Press (ISBN 0521126568). This book includes a Student CD-ROM. A separate Teacher's Resource CD-ROM is also available (ISBN 0521126932).

### Other Textbooks

Author	Title	Date	Publisher	ISBN
D. Hall, R. Jones, C. Raffo, A. Anderton, I. Chambers, D. Gray	Business Studies (4 <sup>th</sup> edition)	2008	Causeway Press	1405892315
B. R. Jewell	An Integrated Approach to Business Studies: Students' Book (4 <sup>th</sup> edition)	2000	Longman	0582405424
I. Marcousé, M. Surridge et al.	Business Studies for A Level (4 <sup>th</sup> edition)	2011	Hodder Education	1444122754

## Reference Books

Author	Title	Date	Publisher	ISBN
S. Cameron	The Business Student's Handbook (5 <sup>th</sup> edition)	2009	Financial Times/ Prentice Hall	0273730711
J. Curwin & R. Slater	Quantitative Methods for Business Decisions (6 <sup>th</sup> edition)	2007	Cengage Learning	1844805743
G. Easton	Learning from Case Studies (2 <sup>nd</sup> edition)	1992	Financial Times/ Prentice Hall	0135286883
I Marcousé, B. Martin & D. Lines	Complete A-Z Business Studies Handbook (6 <sup>th</sup> edition)	2009	Philip Allan	0340987294

The following tables list books that relate to the specific sections of the syllabus. Some of these books go well beyond what is required by this syllabus. However, these books can provide enrichment to the course. Selective reading of these books can stimulate and inform students and access to these books can provide extra resource material for teachers. Some of the books have companion online websites which may provide some online resources for free.

## Business and its environment

Author	Title	Date	Publisher	ISBN
P. Wetherly & D. Otter	The Business Environment: Themes and Issues	2007	Oxford University Press	0199203059
I. Worthington & C. Britton	The Business Environment (6 <sup>th</sup> edition)	2009	FT Prentice Hall	0273716751

## People in organisations

Author	Title	Date	Publisher	ISBN
P. Drucker	Managing for Results	1999	Butterworth-Heinemann	0750643919
M. Foot & C. Hook	Introducing Human Resource Management (5 <sup>th</sup> edition)	2008	FT Prentice Hall	0273712004
C. B. Handy	Understanding Organisations (4 <sup>th</sup> edition)	2005	Penguin	0141017740
D. S. Pugh & D. J. Hickson	Writers on Organizations (6 <sup>th</sup> edition)	2007	Penguin	0141029927

## Marketing

Author	Title	Date	Publisher	ISBN
P. Baines, C. Fill & K. Page	Marketing	2008	Oxford University Press	0199290431
P. Kotler & K. Keller	Marketing Management (13 <sup>th</sup> edition)	2008	Pearson Education	0131357972

## Operations and project management

Author	Title	Date	Publisher	ISBN
N. Slack, S. Chambers, R. Johnston & A. Brandon-Jones	Operations Management (5 <sup>th</sup> edition)	2008	FT Prentice Hall	1408215373
J. Womack & D. Jones	Lean Thinking (new edition)	2003	Free Press	0743231643
T. Young	Successful Project Management (2 <sup>nd</sup> edition)	2006	Kogan Page	0749445610

## Finance and accounting

Author	Title	Date	Publisher	ISBN
P. Atrill & E. McLaney	Accounting and Finance for Non-specialists (6 <sup>th</sup> edition)	2008	FT Prentice Hall	1408208040
D. Cox	Business Accounts (3 <sup>rd</sup> edition)	2004	Osborne Books	1872962637
I. Harrison	Complete A-Z Accounting Handbook (2 <sup>nd</sup> edition)	2003	Hodder & Stoughton	0340872667
R. Jarvis & A. Berry	Accounting in a Business Context (4 <sup>th</sup> edition)	2005	Cengage Learning EMEA	1844802515

## Strategic Management

Author	Title	Date	Publisher	ISBN
G. Johnson, K. Scholes & R. Whittington	Exploring Corporate Strategy: Text and Cases (8 <sup>th</sup> edition)	2007	FT Prentice Hall	140588732X
H. Mintzberg	The Rise and Fall of Strategic Planning	2000	FT Prentice Hall	0273650378
J. I. Moore	Writers on Strategy and Strategic Management (2 <sup>nd</sup> edition)	2001	Penguin	0140284443

## Magazine

*Business Review* is aimed at Business Studies courses at Cambridge IGCSE and AS/A Level. For details of the current and previous editions see [www.philipallan.co.uk/businessreview/index.htm](http://www.philipallan.co.uk/businessreview/index.htm)

## Websites

[www.bankofengland.co.uk](http://www.bankofengland.co.uk)  
[www.bbc.co.uk/worldservice/business/](http://www.bbc.co.uk/worldservice/business/)  
[www.bized.co.uk](http://www.bized.co.uk)  
[www.projectalevel.co.uk/business/index.htm](http://www.projectalevel.co.uk/business/index.htm)  
[www.s-cool.co.uk](http://www.s-cool.co.uk)  
[www.thetimes100.co.uk](http://www.thetimes100.co.uk)  
[www.topmarks.co.uk](http://www.topmarks.co.uk)  
<http://tre.ngfl.gov.uk/server.php>  
[www.tutor2u.net/](http://www.tutor2u.net/)

## Teachers' Resources

Author	Title	Date	Publisher	ISBN
AVP	Business Education DVDs	–	<b>www.avp.co.uk</b>	–
K. Borrington	Teaching and Assessing Skills in Business Studies	2004	Cambridge University Press	0521543665
D. Hall, R. Jones, C. Raffo, A. Anderton, I. Chambers, D. Gray	Business Studies: Teachers' Guide (4 <sup>th</sup> edition)	2008	Causeway Press	1405892323
P. Stimpson, K. Borrington & P. Vasey	Cambridge IGCSE Business Studies CD-ROM	2002	Hodder Education	071957269X

Resources are also listed on Cambridge's public website at **www.cie.org.uk**. Please visit this site on a regular basis as the Resource lists are updated through the year.

Access to teachers' email discussion groups, suggested schemes of work and regularly updated resource lists may be found on the Cambridge Teacher Support website at **http://teachers.cie.org.uk**. This website is available to teachers at registered Cambridge Centres.

## 6. Appendix: International terminology

International usage	UK usage (used by Cambridge before 2011 examinations)
Balance sheet	<i>Balance sheet</i>
Bank (and other) loans/ Interest bearing loans and borrowing	<i>Loans repayable after 12 months</i>
Bank overdrafts and loans/ Interest bearing loans and borrowing	<i>Loans repayable within 12 months</i>
Capital or Equity/Shareholders' Equity	<i>Capital</i>
Cash (and cash equivalents)	<i>Bank and cash</i>
Cost of sales	<i>Cost of goods sold</i>
Current assets	<i>Current assets</i>
Current liabilities	<i>Current liabilities/Creditors: amounts due within 12 months</i>
Days' sales in trade receivables	<i>Debtor days</i>
Finance costs	<i>Interest payable</i>
Finance Income/Investment revenues	<i>Interest receivable</i>
Financial Statements	<i>Final accounts</i>
Gross profit	<i>Gross profit</i>
Income statement	<i>Trading and profit and loss account</i>
Intangible assets	<i>Goodwill etc.</i>
Inventory/Inventories (of raw materials and finished goods)	<i>Stock</i>
Investment property	<i>Investments</i>
Non-current assets	<i>Fixed assets</i>
Non-current liabilities	<i>Long term liabilities/ Creditors: amounts falling due after more than one year</i>

International usage	UK usage (used by Cambridge before 2011 examinations)
Other operating expenses	<i>Sundry expenses (administration and distribution)</i>
Other operating income	<i>Sundry income</i>
Other payables	<i>Accruals</i>
Other receivables	<i>Prepayments</i>
Plant and equipment	<i>Plant and equipment</i>
Profit (before tax) for the year	<i>Net Profit</i>
Property	<i>Land and buildings</i>
Raw materials Ordinary goods purchased	<i>Purchases</i>
Revenue	<i>Sales</i>
Share capital	<i>Share capital</i>
Trade payables	<i>Creditors</i>
Trade receivables	<i>Debtors</i>
Work in progress	<i>Work in progress</i>

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## 7. Additional information

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### 7.1 Guided learning hours

Cambridge International A Level syllabuses are designed on the assumption that candidates have about 360 guided learning hours per subject over the duration of the course. Cambridge International AS Level syllabuses are designed on the assumption that candidates have about 180 guided learning hours per subject over the duration of the course. ('Guided learning hours' include direct teaching and any other supervised or directed study time. They do not include private study by the candidate.)

However, these figures are for guidance only, and the number of hours required may vary according to local curricular practice and the candidates' prior experience of the subject.

### 7.2 Recommended prior learning

Candidates beginning this course are not expected to have studied Business Studies previously.

### 7.3 Progression

Cambridge International A Level Business Studies provides a suitable foundation for the study of Business Studies or related courses in higher education. Equally it is suitable for candidates intending to pursue careers or further study in business or management, or as part of a course of general education.

Cambridge International AS Level Business Studies constitutes the first half of the Cambridge International A Level course in Business Studies and therefore provides a suitable foundation for the study of Business Studies at Cambridge International A Level and thence for related courses in higher education. Depending on local university entrance requirements, it may permit or assist progression directly to university courses in Business Studies or some other subjects. It is also suitable for candidates intending to pursue careers or further study in business or management, or as part of a course of general education.

Teachers and Learners should take into account that, in some countries, universities advise that some combinations of subjects with similar content should be avoided where possible, for example Economics, Business Studies and Accounting. Learners are advised to contact universities in advance of making decisions about subject combinations that include two or more of these subjects.

### 7.4 Component codes

Because of local variations, in some cases component codes will be different in instructions about making entries for examinations and timetables from those printed in this syllabus, but the component names will be unchanged to make identification straightforward.

## 7.5 Grading and reporting

Cambridge International A Level results are shown by one of the grades A\*, A, B, C, D or E indicating the standard achieved, Grade A\* being the highest and Grade E the lowest. 'Ungraded' indicates that the candidate has failed to reach the standard required for a pass at either Cambridge International AS Level or A Level. 'Ungraded' will be reported on the statement of results but not on the certificate.

If a candidate takes a Cambridge International A Level and fails to achieve grade E or higher, a Cambridge International AS Level grade will be awarded if both of the following apply:

- the components taken for the Cambridge International A Level by the candidate in that series included all the components making up a Cambridge International AS Level
- the candidate's performance on these components was sufficient to merit the award of a Cambridge International AS Level grade.

For languages other than English, Cambridge also reports separate speaking endorsement grades (Distinction, Merit and Pass), for candidates who satisfy the conditions stated in the syllabus.

Percentage uniform marks are also provided on each candidate's statement of results to supplement their grade for a syllabus. They are determined in this way:

- A candidate who obtains...
  - ... the minimum mark necessary for a Grade A\* obtains a percentage uniform mark of 90%.
  - ... the minimum mark necessary for a Grade A obtains a percentage uniform mark of 80%.
  - ... the minimum mark necessary for a Grade B obtains a percentage uniform mark of 70%.
  - ... the minimum mark necessary for a Grade C obtains a percentage uniform mark of 60%.
  - ... the minimum mark necessary for a Grade D obtains a percentage uniform mark of 50%.
  - ... the minimum mark necessary for a Grade E obtains a percentage uniform mark of 40%.
  - ... no marks receives a percentage uniform mark of 0%.

Candidates whose mark is none of the above receive a percentage mark in between those stated according to the position of their mark in relation to the grade 'thresholds' (i.e. the minimum mark for obtaining a grade). For example, a candidate whose mark is halfway between the minimum for a Grade C and the minimum for a Grade D (and whose grade is therefore D) receives a percentage uniform mark of 55%.

The percentage uniform mark is stated at syllabus level only. It is not the same as the 'raw' mark obtained by the candidate, since it depends on the position of the grade thresholds (which may vary from one series to another and from one subject to another) and it has been turned into a percentage.

Cambridge International AS Level results are shown by one of the grades a, b, c, d or e indicating the standard achieved, Grade a being the highest and Grade e the lowest. 'Ungraded' indicates that the candidate has failed to reach the standard required for a pass at Cambridge International AS Level. 'Ungraded' will be reported on the statement of results but not on the certificate.

For languages other than English, Cambridge will also report separate speaking endorsement grades (Distinction, Merit and Pass) for candidates who satisfy the conditions stated in the syllabus.

The content and difficulty of a Cambridge International AS Level examination is equivalent to the first half of a corresponding Cambridge International A Level.

Percentage uniform marks are also provided on each candidate's statement of results to supplement their grade for a syllabus. They are determined in this way:

- A candidate who obtains...
  - ... the minimum mark necessary for a Grade a obtains a percentage uniform mark of 80%.
  - ... the minimum mark necessary for a Grade b obtains a percentage uniform mark of 70%.
  - ... the minimum mark necessary for a Grade c obtains a percentage uniform mark of 60%.
  - ... the minimum mark necessary for a Grade d obtains a percentage uniform mark of 50%.
  - ... the minimum mark necessary for a Grade e obtains a percentage uniform mark of 40%.
  - ... no marks receives a percentage uniform mark of 0%.

Candidates whose mark is none of the above receive a percentage mark in between those stated according to the position of their mark in relation to the grade 'thresholds' (i.e. the minimum mark for obtaining a grade). For example, a candidate whose mark is halfway between the minimum for a Grade c and the minimum for a Grade d (and whose grade is therefore d) receives a percentage uniform mark of 55%.

The percentage uniform mark is stated at syllabus level only. It is not the same as the 'raw' mark obtained by the candidate, since it depends on the position of the grade thresholds (which may vary from one series to another and from one subject to another) and it has been turned into a percentage.

## 7.6 Access

Reasonable adjustments are made for disabled candidates in order to enable them to access the assessments and to demonstrate what they know and what they can do. For this reason, very few candidates will have a complete barrier to the assessment. Information on reasonable adjustments is found in the *Cambridge Handbook* which can be downloaded from the website **www.cie.org.uk**

Candidates who are unable to access part of the assessment, even after exploring all possibilities through reasonable adjustments, may still be able to receive an award based on the parts of the assessment they have taken.

## 7.7 Resources

Copies of syllabuses, the most recent question papers and Principal Examiners' reports for teachers are on the Syllabus and Support Materials CD-ROM, which we send to all Cambridge International Schools. They are also on our public website – go to **www.cie.org.uk/alevel**. Click the Subjects tab and choose your subject. For resources, click 'Resource List'.

You can use the 'Filter by' list to show all resources or only resources categorised as 'Endorsed by Cambridge'. Endorsed resources are written to align closely with the syllabus they support. They have been through a detailed quality-assurance process. As new resources are published, we review them against the syllabus and publish their details on the relevant resource list section of the website.

Additional syllabus-specific support is available from our secure Teacher Support website **http://teachers.cie.org.uk** which is available to teachers at registered Cambridge schools. It provides past question papers and examiner reports on previous examinations, as well as any extra resources such as schemes of work or examples of candidate responses. You can also find a range of subject communities on the Teacher Support website, where Cambridge teachers can share their own materials and join discussion groups.

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