

Paper 2 – Business Activities, Decisions and Strategy

Theme 2 and 3 - 100 Marks

2 HOURS 35% OF A LEVEL

Theme 2 – Raising Finance, Financial Planning, Resource Management & External Influences.	R	A	G
2.1.1 Internal finance 2.1.2 External finance Sources and methods of finance The distinction between the two			
2.1.3 Liability Legal implications Finance implications			
2.1.4 Planning Business planning Cash-flow forecasts (as standalone and part of the business plan) Use and limitations of cash-flow forecasts			
2.2.1 Sales forecasting Purpose of sales forecasting factors influencing them Difficulties with forecasting 2.2.2 Sales, revenue and costs Calculation of sales revenue and volume, and link to sales forecasting data			
2.2.2 Sales, revenue and costs Calculation of fixed and variable costs 2.2.3 Break-even Numerical calculation Graphical presentation and interpretation Uses and limitations of break-even analysis			
2.2.4 Budgets Purpose and types of budgets			

Variance analysis Difficulties of budgeting 2.3.1 Profit Distinction between profit and cash			
2.3.1 Profit Calculation (and link to break-even) Statement of comprehensive income (profit and loss account) – introduction and key features			
2.3.2 Liquidity Statement of financial position (balance sheet) – introduction and key features Working capital (link to cash)			
2.3.3 Business failure Financial: link to cash, profit and liquidity Non-financial: link to the market and people			
2.4.1 Production, productivity and efficiency Methods of production Productivity and efficiency 2.4.2 Capacity utilisation Calculation, implications and ways of improving capacity utilisation			
2.4.3 Stock control Diagrams and key features Different methods and advantages gained from each 2.4.4 Quality management Methods, costs and benefits Links between stock control and quality management			
2.5.1 Economic influences Macroeconomic variables: inflation, exchange rates Economic policy: interest rates, taxation and government spending			
2.5.2 Legislation Different areas of businesses affected by legislation			

Theme 3 – Corporate Objective & Strategy, Decision Making & Managing Change	R	A	G
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3.1.1 Corporate objectives Development and levels Critical appraisal of objectives and their presentation 3.4.1 Corporate influences The timescales on which businesses work Influences on decision-making 3.4.4 Business ethics Trade-offs between profit and ethics and how this relates to objectives			
3.4.3 Shareholders versus stakeholders Examples of stakeholders and their objectives Influences on business objectives Conflicts between shareholders and stakeholders and the business			
3.4.2 Corporate culture How culture is formed in relation to objectives, ethics etc Categorising culture and assessing its strength			
3.1.2 Theories of corporate strategy Ansoff, Porter, Boston Matrix Strategic and tactical decisions			
3.1.3 SWOT analysis 3.1.4 Impact of external influences PESTLE analysis Porter's Five Forces			
3.2.1 Growth How and why businesses grow Problems of growth 3.2.2 Mergers and takeovers Reasons Different categories/directions 3.2.3 Organic growth Compare and contrast mergers and takeovers 3.2.4 Reasons for staying small Links to new, highly competitive markets Avoidance of diseconomies of scale			
3.3.1 Quantitative sales forecasting Times series analysis calculations			

Uses and limitations of quantitative sales forecasting			
3.3.2 Investment appraisal Methods, calculation and interpretation Uses and limitations			
3.3.3 Decision trees Construction and interpretation Uses and limitations			
3.3.4 Critical Path Analysis Completion and interpretation Uses and limitations			
3.5.1 Interpretation of financial statements Statement of comprehensive income (profit and loss account) and statement of financial position (balance sheet) Stakeholder interest 3.5.2 Ratio analysis Calculation and interpretation Uses and limitations			
3.5.3 Human resources Quantitative measures of HR performance			
3.6.1 Causes and effects of change 3.6.2 Key factors in change Link to topics covered within this theme 3.6.3 Scenario planning Planning to reduce risk			