

Business Component 2 specification after advanced information for exams in 2022 (7th February,2022 – may be updated)

- The content **NOT** labelled, “light touch” is **essential** revision, must be learnt thoroughly and must not be missed out of your revision.
- The content that is labelled, “light touch” is important as it will support your answers to follow up questions that award 8 marks or more, it should be revised once essential revision has been completed.

Content	Amplification
Data Analysis	<p>Present, interpret and analyse data, including pie charts, histograms and index numbers</p> <p>Understand market share/growth/saturation/shrinkage and their effects upon a business</p>
Market Analysis	<p>Analyse quantitative and qualitative research data in order to better understand the position of the business in the market and the requirements of customers at present and in the future</p> <p>Calculate price and income elasticity of demand Interpret numerical values of price and income elasticity of demand Evaluate the impact of changes in price and income on business revenue</p>
Analysing Financial Performance	<p>Explain what is meant by a budget variance Calculate budget variances Analyse budgets and budget variances Evaluate the use and impact of budgets and budget variances for a business and its stakeholders</p> <p>Explain the main components of a balance sheet and the way that it is constructed Explain what is meant by working capital, capital employed and depreciation Reading the balance sheet calculate working capital, capital employed (long-term liabilities and shareholders' capital) and depreciation (the straight line method only) This is not using ratios Interpret and analyse a balance sheet</p> <p>You will also need to remind yourself of the trading profit and loss account layout and the gross and net profit ratios/their benchmarks.</p> <p>Calculate and interpret return on capital employed (ROCE) Calculate and interpret the current ratio and acid test ratio Calculate and interpret the gearing ratio (long-term liabilities/capital employed)</p>

	<p>Analyse the trading, profit and loss account (the income statement) and the balance sheet in order to assess the financial performance of a business</p> <p>Consider business accounts in relation to previous years and other businesses</p> <p>Evaluate the financial position of a business</p> <p>Understand that accounts can be affected by window-dressing and other factors, such as changes in demand and inflation</p>
Analysing Non-Financial Performance	<p>Explain how non-financial measures, including customer attitude surveys, employee attitude surveys, market share, productivity and a company's environmental record, can be used to evaluate performance</p>
Aims and Objectives	<p>Explain the role of vision statements and their relationship to a business' aims</p> <p>Explain how objectives are used by a business in order to achieve its aims</p> <p>Explain what is meant by SMART objectives</p> <p>Explain the role and purpose of mission statements</p> <p>Evaluate vision statements, objectives and mission statements and their impact on a business and its stakeholders</p>
Strategy and Implementation	<p>Understand the relationship between objectives and strategy</p> <p>Explain the meaning of strategy including corporate strategy, strategic direction, divisional strategy and functional strategy</p> <p>Explain the relationship between strategy and tactics</p> <p>Explain the purpose of corporate plans</p> <p>Apply a SWOT analysis to a specific business</p> <p>Apply Porter's Five Forces framework to a specific business</p> <p>Evaluate business strategy and corporate plans</p> <p>Explain the nature and purpose of the Ansoff matrix</p> <p>Apply the Ansoff matrix to different businesses</p> <p>Evaluate the usefulness of the Ansoff matrix to businesses</p> <p>Explain what is meant by horizontal and vertical integration</p> <p>Explain the advantages and disadvantages of horizontal and vertical Integration</p> <p>Evaluate the strengths and weaknesses of both.</p> <p>Explain the difference between organic and external growth</p> <p>Analyse the advantages and disadvantages of organic growth</p> <p>Analyse the advantages and disadvantages of different methods of external growth including mergers and takeovers</p> <p>Explain the nature and purpose of franchising as a method of growth</p> <p>Evaluate the strengths and weaknesses to both franchisor and franchisee.</p>

	<p>Evaluate different methods that businesses can use to achieve growth</p> <p>Explain what is meant by rationalisation-factors that might influence a business to need to rationalise Evaluate the impact of rationalisation</p> <p>Explain retrenchment and the factors that may influence it. Explain the methods used to retrench and discuss them.</p> <p>Evaluate the impact of retrenchment and rationalisation on stakeholders.</p> <p>Revise location from component 1 Explain the factors that affect decisions about location/relocation Evaluate the impact (strengths / weaknesses of varying location decisions) of the choice of location/relocation on a business and its stakeholders</p> <p>Explain what is meant by outsourcing production Evaluate the arguments for and against outsourcing production</p> <p>Understand the term, “offshoring” and how it differs from “outsourcing” Strengths and weaknesses of offshoring for different stakeholders</p>
<p>Location from com 1 to support international location answers.</p>	<p>Explain the factors that need to be considered when locating a new business Analyse these factors in relation to the needs of the business Evaluate the choice of different locations for a new business</p>
<p>Decision Making Models</p>	<p>Explain the types of decisions a business makes including strategic, tactical and operational Explain the importance of decision-making to a business Understand that decision-making tools can be scientific or intuitive</p> <p>Explain the nature and purpose of decision tree analysis commenting on the benefits and limitations of the technique Construct decision trees, interpret and evaluate the results</p> <p>Explain the nature and purpose of critical path analysis (CPA), commenting on the benefits and limitations of the technique Complete CPA diagrams, interpret and evaluate the results</p> <p>Explain the nature and purpose of cost benefit analysis (CBA), commenting on the benefits and limitations of the technique Carry out cost benefit analysis, interpret and evaluate the results</p> <p>Evaluate the advantages and disadvantages of using decision trees, CPA and CBA for business decision-making</p> <p>Explain the key role played by information technology in business decision making. Think carefully which technology would be used (NOT cam or cad) but maybe spread sheets for costings and charts to present info., data bases for saving information, power point to display information to be discussed. Email and Team for meetings and communication of discussions.</p>

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Quantitative Skills

Calculate, use and understand ratios, averages and fractions

Calculate, use and understand percentages and percentage changes

Construct and interpret a range of standard graphical forms

Calculate cost, revenue, profit and break-even

Interpret values of price and income elasticity of demand

Use and interpret quantitative and non-quantitative information in order to make decisions

Interpret, apply and analyse information in written, graphical and numerical forms