

**Advance Information Checklist 2022**

**Edexcel A-LEVEL**

**BUSINESS**

**tutor2u** 

**QUANTITATIVE AND NUMERICAL SKILLS**

Quantitative / Numerical Skills	PAPER 1 Themes 1&4	PAPER 2 Themes 2&3	PAPER 3 Synoptic
QS1: calculate, use and understand ratios, averages and fractions			
QS2: calculate, use and understand percentages and percentage changes			
QS3: construct and interpret a range of standard graphical forms			
QS4: interpret index numbers			
QS5: calculate cost, revenue, profit and break-even			
QS6: calculate investment appraisal outcomes and interpret results			
QS7: interpret values of price and income elasticity of demand			
QS8: use and interpret quantitative and non-quantitative information in order to make decisions			
QS9: interpret, apply and analyse information in written, graphical and numerical forms			

**TOPIC SUMMARY BY PAPER**

Topic	PAPER 1 Themes 1&4	PAPER 2 Themes 2&3	PAPER3 Synoptic
<b>1.1.1 THE MARKET</b>			
Characteristics of mass and niche markets			
Market size and market share			
Brands			
Online retailing			
How markets change			
Innovation and market growth			
Adapting to change			
How competition affects the market			
Difference between risk and uncertainty			
<b>1.1.2 MARKET RESEARCH</b>			
Product and market orientation			
Primary and secondary market research data			
Limitations of market research, sample size and bias			
Use of ICT to support market research			
Market segmentation			
<b>1.1.3 MARKET POSITIONING</b>			
Market mapping			
Competitive advantage of a product or service			
Purpose of product differentiation			
Adding value to products / services			
<b>1.2.1 DEMAND</b>			
Changes in the prices of substitutes			
Changes in consumer incomes			
Fashions, tastes and preferences			
Advertising and branding			
Demographics			
External shocks			
Seasonality			
<b>1.2.2 SUPPLY</b>			
Changes in the cost of production			
Introduction of new technology			
Indirect taxes			
Government subsidies			
External shocks			
<b>1.2.3 MARKETS</b>			
Interaction of supply and demand			
Supply and demand diagrams			
<b>1.2.4 PRICE ELASTICITY OF DEMAND (PED)</b>			

Topic	PAPER 1 Themes 1&4	PAPER 2 Themes 2&3	PAPER3 Synoptic
Calculation of PED			
Factors influencing PED			
Interpretation of numerical values of PED			
Significance of PED to business (implications of pricing)			
Relationship between PED and total revenue			
<b>1.2.5 INCOME ELASTICITY OF DEMAND (YED)</b>			
Calculation of YED			
Interpretation of numerical values of YED			
Factors influencing YED			
Significance of YED to businesses			
<b>1.3.1 PRODUCT / SERVICE DESIGN</b>			
Design mix (function, aesthetics, cost)			
Resource depletion: waste minimisation, re-use & recycling			
Ethical sourcing			
<b>1.3.2 BRANDING AND PROMOTION</b>			
Types of promotion			
Types of branding			
Benefits of strong branding			
Ways to build a brand			
Changes in branding and promotion to reflect social trends			
<b>1.3.3 PRICING STRATEGIES</b>			
Types of pricing strategy (cost plus, price skimming, penetration, predatory, competitive, psychological)			
Factors that determine the most appropriate price strategy			
Changes in pricing to reflect social trends			
<b>1.3.4 DISTRIBUTION</b>			
Distribution channels			
Changes in distribution to reflect social trends			
<b>1.3.5 MARKETING STRATEGY</b>			
Product life cycle			
Boston Matrix and the product portfolio			
Marketing strategies for different types of market			
Consumer behaviour & building customer loyalty			
<b>1.4.1 APPROACHES TO STAFFING</b>			
Staff as an asset; staff as a cost			
Flexible workforce			
Distinction between dismissal and redundancy			
Employee /employer relationships			
<b>1.4.2 RECRUITMENT, SELECTION &amp; TRAINING</b>			
Recruitment and selection process			
Costs of recruitment, selection and training			

Topic	PAPER 1 Themes 1&4	PAPER 2 Themes 2&3	PAPER3 Synoptic
Types of training			
<b>1.4.3 ORGANISATIONAL DESIGN</b>			
Structure (hierarchy, chain of command, span of control, centralised & decentralised)			
Types of structure (tall, flat, matrix)			
Impact of different organisational structures on business efficiency & motivation			
<b>1.4.4 MOTIVATION IN THEORY AND PRACTICE</b>			
Importance of employee motivation to a business			
Motivation theories (Taylor, Mayo, Maslow, Herzberg)			
Financial incentives to improve employee performance (piecework, commission, bonus, profit share, performance-related pay)			
Non-financial techniques to improve employee performance (delegation, consultation, empowerment, team working, flexible working, job enrichment, job rotation, job enlargement)			
<b>1.4.5 LEADERSHIP</b>			
Distinction between management and leadership			
Types of leadership style (autocratic, paternalistic, democratic, laissez-faire)			
<b>1.5.1 ROLE OF AN ENTREPRENEUR</b>			
Creating and setting up a business			
Running and expanding / developing a business			
Innovation within a business (intrapreneurship)			
Barriers to entrepreneurship			
Anticipating risk and uncertainty in the business environment			
<b>1.5.2 ENTREPRENEURIAL MOTIVES AND CHARACTERISTICS</b>			
Characteristics and skills required			
Reasons why people set up businesses (financial & non-financial)			
<b>1.5.3 BUSINESS OBJECTIVES</b>			
Survival			
Profit maximisation			
Other objectives (sales maximisation, market share, cost efficiency, employee welfare, customer satisfaction, social objectives)			
<b>1.5.4 FORMS OF BUSINESS</b>			
Sole trader, partnership and private limited company			
Franchising, social enterprise, lifestyle businesses, online businesses			
Growth to PLC and stock market flotation			
<b>1.5.5 BUSINESS CHOICES</b>			
Opportunity cost			
Choices and potential trade-offs			
<b>1.5.6 MOVING FROM ENTREPRENEUR TO LEADER</b>			
Difficulties in developing from an entrepreneur to a leader			
<b>2.1.1 INTERNAL FINANCE</b>			

Topic	PAPER 1 Themes 1&4	PAPER 2 Themes 2&3	PAPER3 Synoptic
Owner's capital: personal savings			
Retained profit			
Sale of assets			
<b>2.1.2 EXTERNAL FINANCE</b>			
Sources of finance (family & friends, banks, peer-to-peer funding, business angels, crowd funding, other businesses)			
Methods of finance (loans, share capital, venture capital, overdrafts, leasing, trade credit, grants)			
<b>2.1.3 LIABILITY</b>			
Implications of limited and unlimited liability			
Finance appropriate for limited and unlimited liability businesses			
<b>2.1.4 PLANNING</b>			
Relevance of a business plan in obtaining finance			
Interpretation of a simple cash flow forecast & calculations based on changes in the cash-flow variables			
Use and limitations of a cash-flow forecast			
<b>2.2.1 SALES FORECASTING</b>			
Purpose of sales forecasts			
Factors affecting sales forecasts (consumer trends, economic variables, actions of competitors)			
Difficulties of sales forecasting			
<b>2.2.2 SALES, REVENUE AND COSTS</b>			
Calculation of sales volume and sales revenue			
Calculation of fixed and variable costs			
<b>2.2.3 BREAK-EVEN</b>			
Contribution (selling price – variable cost per unit)			
Break-even point			
Using contribution to calculate break-even point			
Margin of safety			
Interpretation of break-even charts			
Limitations of break-even analysis			
<b>2.2.4 BUDGETS</b>			
Purpose of budgets			
Types of budget (historical figures, zero-based)			
Variance analysis			
Difficulties of budgeting			
<b>2.3.1 PROFIT</b>			
Calculation of profit (gross, operating, net)			
Measuring profitability (gross profit margin, operating profit margin, net profit margin)			
Ways to improve profitability			
Distinction between profit and cash			

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<b>2.3.2 LIQUIDITY</b>			
Measuring liquidity (current ratio, acid-test ratio)			
Ways to improve liquidity			
Working capital and its management (importance of cash)			
<b>2.3.3 BUSINESS FAILURE</b>			
Internal and external causes of business failure			
Financial and non-financial factors			
<b>2.4.1 PRODUCTION, PRODUCTIVITY AND EFFICIENCY</b>			
Methods of production (job, batch, flow, cell)			
Productivity: calculating output per unit of input per time period			
Factors influencing productivity			
Link between productivity and competitiveness			
Factors influencing efficiency			
Distinction between labour and capital-intensive production			
<b>2.4.2 CAPACITY UTILISATION</b>			
Calculation of capacity utilisation			
Implications of under- and over-utilisation of capacity			
Ways of improving capacity utilisation			
<b>2.4.3 STOCK CONTROL</b>			
Interpretation of stock control diagram			
Buffer stocks			
Implications of poor stock control			
Just in time (JIT) management of stock			
Waste minimisation			
Competitive advantage from lean production			
<b>2.4.4 QUALITY MANAGEMENT</b>			
Quality (control, assurance, circles, Total Quality Management)			
Continuous improvement (Kaizen)			
Competitive advantage from quality management			
<b>2.5.1 ECONOMIC INFLUENCES</b>			
Inflation			
Exchange rates			
Interest rates			
Taxation and government spending			
Business cycle			
Effect of economic uncertainty on the business environment			
<b>2.5.2 LEGISLATION</b>			
Consumer protection			
Employee protection			
Environmental protection			

Topic	PAPER 1 Themes 1&4	PAPER 2 Themes 2&3	PAPER3 Synoptic
Competition policy			
Health & safety			
<b>2.5.3 THE COMPETITIVE ENVIRONMENT</b>			
Competition and market size			
<b>3.1.1 CORPORATE OBJECTIVES</b>			
Development of corporate objectives from mission statement / corporate aims			
Critical appraisal of mission statements / corporate aims			
<b>3.1.2 THEORIES OF CORPORATE STRATEGY</b>			
Ansoff's Matrix			
Porter's Strategy Matrix			
Aim of portfolio analysis			
Achieving competitive advantage through distinctive capabilities			
Effect of strategic and tactical decisions on human, physical and financial resources			
<b>3.1.3 SWOT ANALYSIS</b>			
Internal considerations: strengths and weaknesses			
External considerations: opportunities and threats			
<b>3.1.4 IMPACT OF EXTERNAL INFLUENCES</b>			
PESTLE (political, economic social, technological, legal and environmental)			
Changing competitive environment			
Porter's Five Forces			
<b>3.2.1 GROWTH</b>			
Objectives of growth (economies of scale, increased market power, increased market share and brand recognition, increased profitability)			
Problems arising from growth (diseconomies of scale, internal communication, overtrading)			
<b>3.2.2 MERGERS AND TAKEOVERS</b>			
Reasons for mergers and takeovers			
Distinction between mergers and takeovers			
Horizontal and vertical integration			
Financial risks and rewards			
Problems of rapid growth			
<b>3.2.3 ORGANIC GROWTH</b>			
Distinction between inorganic and organic growth			
Methods of growing organically			
Advantages and disadvantages of organic growth			
<b>3.2.4 REASONS FOR STAYING SMALL</b>			
Small business survival in competitive markets (product differentiation and USPs, flexibility in responding to customer needs, customer service, e-commerce)			
<b>3.3.1 QUANTITATIVE SALES FORECASTING</b>			
Calculation of time-series analysis (moving averages – 3 period / 4 quarter)			



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Interpretation of scatter graphs and line of best fit (extrapolation of past data to future)			
Limitations of quantitative sales forecasting techniques			
<b>3.3.2 INVESTMENT APPRAISAL</b>			
Simple payback			
Average (Accounting) Rate of Return - ARR			
Discounted Cash Flow (Net Present Value (NPV) only)			
Calculations and interpretation of figures generated by investment appraisal techniques			
Limitations of investment appraisal techniques			
<b>3.3.3 DECISION TREES</b>			
Constructions and interpretation of simple decision tree diagrams			
Calculations and interpretations of figures generated by decision tree diagrams			
Limitations of decision trees			
<b>3.3.4 CRITICAL PATH ANALYSIS</b>			
Nature and purpose of Critical Path Analysis			
Completion and interpretation of simple networks to identify the critical path			
<b>3.4.1 CORPORATE INFLUENCES</b>			
Corporate timescales: short-termism versus long-termism			
Evidence-based versus subjective decision making			
<b>3.4.2 CORPORATE CULTURE</b>			
Strong and weak cultures			
Classification of company cultures (power, role, task, person)			
How corporate culture is formed			
Difficulties in changing an established culture			
<b>3.4.3 SHAREHOLDERS VERSUS STAKEHOLDERS</b>			
Internal and external stakeholders			
Stakeholder objectives			
Stakeholder and shareholder influences			
Potential for conflict between profit-based (shareholder) and wider objectives (stakeholder)			
<b>3.4.4 BUSINESS ETHICS</b>			
Ethics of strategic decisions (trade-offs between profit and ethics)			
Pay and rewards			
Corporate social responsibility (CSR)			
<b>3.5.1 INTERPRETATION OF FINANCIAL STATEMENTS</b>			
Statement of comprehensive income (profit and loss account)			
Statement of financial position (balance sheet)			
<b>3.5.2 RATIO ANALYSIS</b>			
Calculation of gearing ratio			
Calculation of return on capital employed (ROCE)			

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Interpreting ratios to make business decisions			
Limitations of ratio analysis			
<b>3.5.3 HUMAN RESOURCES</b>			
Calculation and interpretation of labour productivity			
Calculation and interpretation of labour turnover and retention			
Calculation and interpretation of absenteeism			
Human resource strategies to increase productivity and retention and to reduce labour turnover and absenteeism (financial rewards, employee share ownership, consultation strategies, empowerment strategies)			
<b>3.6.1 CAUSES AND EFFECTS OF CHANGE</b>			
Causes of change (changes in organisational size, poor business performance, new ownership, transformational leadership, market & other external factors (PESTLE))			
Possible effects of change on competitiveness, productivity, financial performance, stakeholders			
<b>3.6.2 KEY FACTORS IN CHANGE</b>			
Organisational culture			
Size of organisation			
Time / speed of change			
Managing resistance to change			
<b>3.6.3 SCENARIO PLANNING</b>			
Identifying key risks through risk assessment (natural disasters, IT systems failure, loss of key staff)			
Planning for risk mitigation (business continuity, succession planning)			
<b>4.1.1 GROWING ECONOMIES</b>			
Growth rate of UK economy compared to emerging economies			
Growing economic power of countries within Asia, Africa & other regions			
Implications of economic growth for individuals and businesses (trade opportunities for businesses, employment patterns)			
Indicators of growth (GDP, literacy, health, Human Development Index HDI)			
<b>4.1.2 INTERNATIONAL TRADE AND BUSINESS GROWTH</b>			
Exports and imports			
Link between business specialisation and competitive advantage			
Foreign direct investment (FDI) and link to business growth			
<b>4.1.3 FACTORS CONTRIBUTING TO INCREASED GLOBALISATION</b>			
Reduction of international trade barriers / trade liberalisation			
Political change			
Reduced cost of transport and communication			
Increased significance of global (transnational) companies			
Increased investment flows (FDI)			
Migration (within and between economies)			
Growth of global labour force			

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Structural change			
<b>4.1.4 PROTECTIONISM</b>			
Tariffs			
Import quotas			
Other trade barriers (government legislation, domestic subsidies)			
<b>4.1.5 TRADING BLOCS</b>			
Expansion of trading blocs (EU, ASEAN, NAFTA)			
Impact on businesses of trading blocs			
<b>4.2.1 CONDITIONS THAT PROMPT TRADE</b>			
Push factors (saturated markets, competition)			
Pull factors (economies of scale, risk spreading)			
Possibility of off-shoring and outsourcing			
Extending the product life cycle by selling in multiple markets			
<b>4.2.2 ASSESSMENT OF A COUNTRY AS A MARKET</b>			
Factors to consider (levels and growth of disposable income. Ease of doing business, infrastructure, political stability, exchange rate)			
<b>4.2.3 ASSESSMENT OF A COUNTRY AS A PRODUCTION LOCATION</b>			
Factors to consider (costs of production, skills & availability of labour force, infrastructure, location in trade bloc, govt incentives, ease of doing business, political stability, natural resources, likely return on investment)			
<b>4.2.4 REASONS FOR GLOBAL MERGERS OR JOINT VENTURES</b>			
Spreading risk over different countries / regions			
Entering new markets / trade blocs			
Acquiring national / international brand names / patents			
Securing resources / supplies			
Maintaining / increasing global competitiveness			
<b>4.2.5 GLOBAL COMPETITIVENESS</b>			
Impact of movements in exchange rates			
Competitive advantage through cost competitiveness / differentiation			
Skill shortages and their impact on international competitiveness			
<b>4.3.1 MARKETING</b>			
Global marketing strategy and global localisation (glocalisation)			
Different marketing approaches (domestic/ethnocentric, mixed/geocentric, international/polycentric)			
Application and adaptation of the marketing mix (4Ps) to suit global markets			
<b>4.3.2 NICHE MARKETS</b>			
Cultural diversity			
Features of global niche markets			
Application and adaptation of the marketing mix (4Ps) to suit global niches			
<b>4.3.3 CULTURAL / SOCIAL FACTORS</b>			

Topic	PAPER 1 Themes 1&4	PAPER 2 Themes 2&3	PAPER3 Synoptic
Considerations for businesses (cultural differences, different tastes, language, unintended meanings, inappropriate/inaccurate translations, inappropriate branding and promotion)			
<b>4.4.1 IMPACT OF MNCs</b>			
Impact of MNCs on the local economy (local labour, wages, working conditions and job creation)			
Impact of MNCs on the national economy (FDI flows, balance of payments, technology and skills transfer, consumers, business culture, tax revenues and transfer pricing)			
<b>4.4.2 ETHICS</b>			
Stakeholder conflicts			
Pay and working conditions			
Environmental conditions (emissions, waste disposal)			
Supply chain considerations (exploitation of labour, child labour)			
Marketing considerations (misleading product labelling, inappropriate promotional activities)			
<b>4.4.3 CONTROLLING MNCs</b>			
Factors to consider (political influence, legal control, pressure groups, social media)			