| **Topics for Paper 2 – Operations, Finance, External Influences** | |  | |  |  |
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| **4. Operations** | | | | | |
| **4.1 Production Processes** | Different production processes and their impact on businesses |  | |  |  |
|  | The influence of technology on production and the impact on businesses |  | |  |  |
| **4.2 Quality of goods and services** | The concept of quality |  | |  |  |
|  | Methods of ensuring quality |  | |  |  |
|  | The importance of quality in both the production of products and the provision of services |  | |  |  |
| **4.3 The sales process and customer services** | Methods of selling |  | |  |  |
|  | The influence of e-commerce on business activity |  | |  |  |
|  | The importance to a business of good customer service including after-sales service |  | |  |  |
|  | The contribution of product knowledge and customer engagement to good customer service. |  | |  |  |
| **4.4 Consumer law** | The impact of consumer law on businesses |  | |  |  |
| **4.5 Business location** | Factors influencing business location |  | |  |  |
| **4.6 Working with Suppliers** | The role of procurement |  | |  |  |
|  | The impact of logistical and supply decisions on businesses |  | |  |  |
| **5. Finance** |  | |  |  |  |
| **5.1 The role of the finance function** | The purpose of the finance function |  | |  |  |
|  | The influence of the finance function on business activity |  | |  |  |
| **5.2 Sources of Finance** | The reasons businesses need finance |  | |  |  |
|  | Ways of raising finance |  | |  |  |
|  | How and why different sources of finance are suitable for new and established businesses |  | |  |  |
| **5.3 Revenue, Costs, Profit and Loss** | The concept of revenue, costs and profit and loss in business and their importance in business decision making. |  | |  |  |
|  | The different costs in operating a business |  | |  |  |
|  | Calculation of costs and revenue |  | |  |  |
|  | Calculation of profit/loss |  | |  |  |
|  | Calculation and interpretation of profitability ratios |  | |  |  |
|  | Calculation and interpretation of average rate of return |  | |  |  |
| **5.4 Break-Even** | The concept of break-even |  | |  |  |
|  | Simple calculation of break-even quantity |  | |  |  |
|  | The usefulness of break-even in business decision making |  | |  |  |
| **5.5 Cash and Cash Flow** | The importance of cash to a business |  | |  |  |
|  | The difference between cash and profit |  | |  |  |
|  | The usefulness of cash flow forecasting to a business |  | |  |  |
|  | Completion of cash flow forecasts |  | |  |  |
| **6. Influences on Business** | |  | |  |  |
| **6.1 Ethical and Environmental considerations** | Ethical considerations and their impact on businesses |  | |  |  |
|  | Environmental considerations and their impact on businesses |  | |  |  |
| **6.2 The economic climate** | The economic climate and its impact on businesses |  | |  |  |
| **6.3 Globalisation** | The concept of globalisation |  | |  |  |
|  | The impact of globalisation on businesses. |  | |  |  |
| **7. The interdependent nature of business** | The interdependent nature of business operations, finance, marketing and human resources within a business context |  | |  |  |
|  | How these interdependencies underpin business decision making |  | |  |  |
|  | The impact of risk and reward on business activity |  | |  |  |
|  | The use of financial information in measuring and understanding business performance and decision making. |  | |  |  |