

Preparing for AQA A level Business

A-level Business introduces you to all you need to know about the world of business, equipping you with highly sought-after skills that are valued in a wide range of careers and providing a solid foundation for further study or entering the world of work.

You will need to calculate, interpret and analyse a wide range of numerical data relating to **finance, operations, marketing and human resources**.

This means, you are expected to learn the **formulas** and **perform calculations**.

You have to write **essays**, this means that you will have to write extended answers to questions; this requires attention to spelling and grammar.

You will need to be aware of and understand current business issues and news. This means that you will have **read business news** and **watch the news** to know what is going on

You will learn to become a good **decision maker**, learning essential **managerial skills**, alongside techniques to help you become an **analytical problem solver**.

Preparation for September

Stationary:
1 lever arch folder and 12 dividers
A4 notepad
Pens, ruler, pencil,

A list of the 30 theorists
See Tutor2u **Business Models & Theories "In Your Pocket" Activity**

A list of the formulas
See the AQA list

Don't just rely on your lessons for learning.
5 hours independent study is essential for you to get the best grade possible












Useful business news providers such as the BBC, Tutor2u, The Independent, The Guardian, The Economist, Sky news provide you with alerts to your phone

TV programmes are useful for application - BBC and Ch4, e.g. Inside the factory, Panorama, Dragons Den

Films to watch:
The Founder
The Social network
The Big Short



Task 1: What is the hidden meaning behind each logo?

Task 2: Identify the typical characteristics of these industries










S (size and sector)	Primary sector – fishing; farming; mining	Secondary sector – manufacturing and construction	Tertiary sector – retail; hospitality; financial services	Quaternary sector – public sector; research and development
C (competition)				
O (ownership and objectives)				
R (resources)				
E (external environment)				

Task 3: Economy

What does inflation mean?

How is the UK inflation rate measured?

What is in and out of the inflation basket?

IN		OUT	
	Air fryer		Hand sanitiser
	Vinyl music		Sofa bed
	Rice cakes		Rotisserie chicken
	Gluten-free bread		Bakeware
	Spray oil		

Source: ONS, Images: Getty

BBC

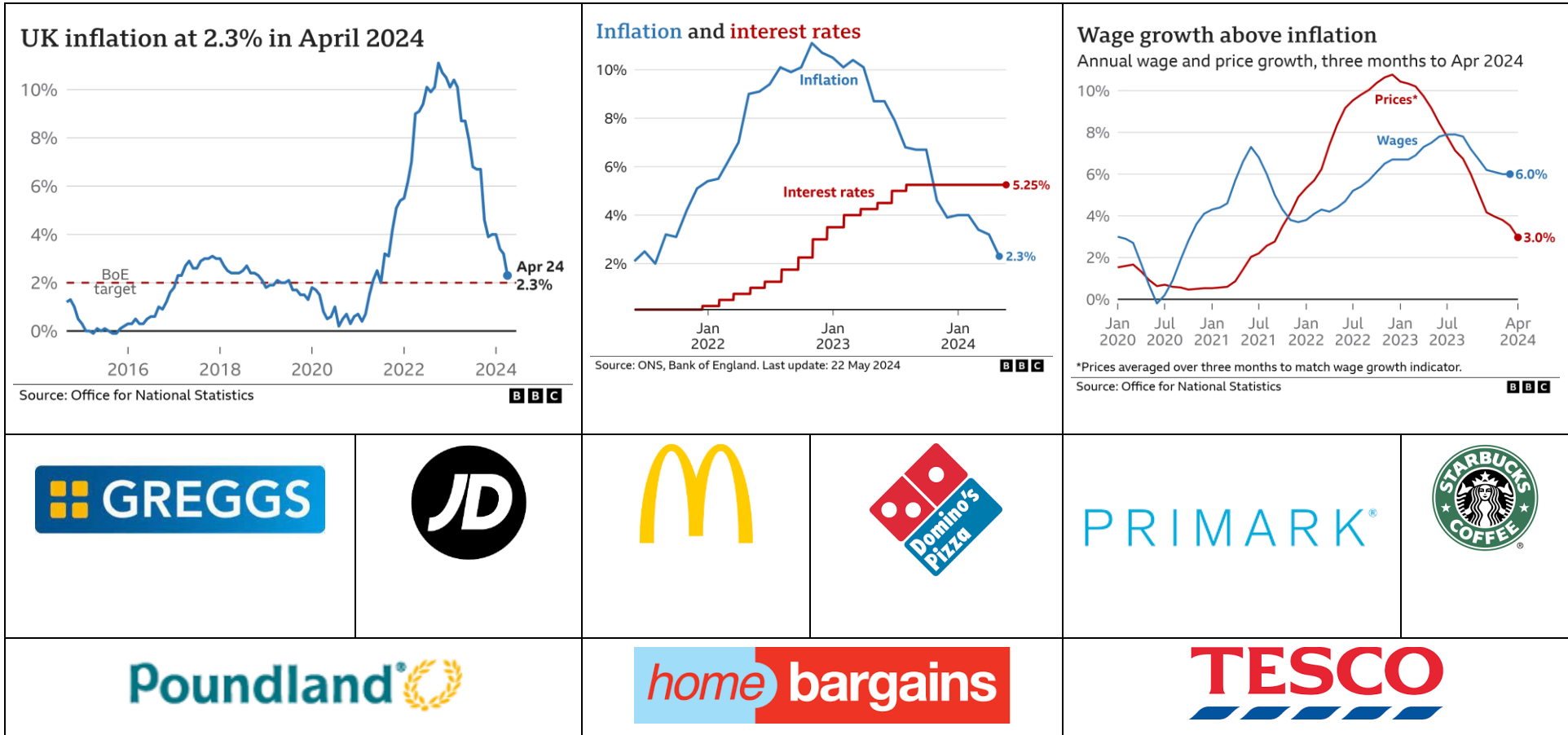
What is the virtual “basket of goods”

Why are prices still rising?

Why does putting up interest rates help to lower inflation?

Task 4: What is happening to the economy?

How does this impact on the businesses below?



Task 5: Learn these formulas. You will be tested on these in the first week and through your course

Number	Formula
1	<p>Revenue (Sales or Turnover) = Selling price per unit × Number of units sold</p> <p>Variable costs (Total variable costs) = Variable cost per unit × Number of units sold</p> <p>Total costs = Fixed costs + Variable costs</p> <p>Profit = Total revenue – Total costs OR Total contribution – Fixed costs</p>
2	<p>Market capitalisation of a business = Number of issued shares × Current share price</p>
3	<p>Expected value of a decision with two possible outcomes eg. A & B = [Pay-off of A × probability of A] + [Pay-off of B × probability of B]</p> <p>Net gain = Expected value – Initial cost of decision</p>
4	<p>Market growth (%) =</p> $\frac{\text{Change in the size of the market over a period}}{\text{Original size of the market}} \times 100$
5	<p>Market share (%) =</p> $\frac{\text{Sales of one product OR brand OR business}}{\text{Total sales in the market}} \times 100$
6	<p>Added value = Sales revenue – costs of bought-in goods and services</p>
7	<p>Labour productivity =</p> $\frac{\text{Output over a time period}}{\text{Number of employees}}$

Number	Formula
8	<p>Unit costs (average costs)=</p> $\frac{\text{Total costs}}{\text{Number of units of output}}$
9	<p>Capacity utilisation (%) =</p> $\frac{\text{Actual output}}{\text{Maximum possible output}} \times 100$
10	<p>Return on investment (%) =</p> $\frac{\text{Profit from the investment (£)}}{\text{Cost of the investment (£)}} \times 100$
11	<p>Gross Profit = Revenue – Cost of Sales</p> <p>Profit from Operations = Operating profit = Gross profit – Operating Expenses</p> <p>Profit for year = Operating profit + Profit from other activities – Net finance costs – Tax</p>
12	<p>Gross profit margin (%) =</p> $\frac{\text{Gross profit}}{\text{Revenue}} \times 100$ <p>Profit from operations margin = Operating profit margin (%) =</p> $\frac{\text{Operating profit}}{\text{Revenue}} \times 100$ <p>Profit for year margin (%) =</p> $\frac{\text{Profit for year}}{\text{Revenue}} \times 100$
13	<p>Variance = Budgeted figure – actual figure</p>

Number	Formula
14	<p>Contribution per unit = Selling price – Variable costs per unit</p> <p>Total contribution = Contribution per unit × Units sold</p> <p>OR</p> <p>Total contribution = Total revenue – Total variable costs</p>
15	<p>Break-even output =</p> $\frac{\text{Fixed costs}}{\text{Contribution per unit}}$ <p>Margin of safety = Actual level of output – Break-even level of output</p>
16	<p>Labour turnover (%) =</p> $\frac{\text{Number of staff leaving}}{\text{Number of staff employed by the business}} \times 100$
17	<p>Employee retention rate (%) for a particular time period = Number of employees who remained with the business for the whole period of time $\frac{\text{Number of employees at start of the time period}}{\text{Number of employees at start of the time period}} \times 100$</p>
18	<p>Employee costs as percentage of turnover =</p> $\frac{\text{Employee costs}}{\text{Turnover}} \times 100$
19	<p>Labour cost per unit =</p> $\frac{\text{Labour costs}}{\text{Units of output}}$
20	<p>Return on capital employed (ROCE)(%) =</p> $\frac{\text{Operating profit}}{\text{Total equity + non-current liabilities}} \times 100$ <p>Where total equity + non-current liabilities = capital employed</p>

Number	Formula
21	<p>Current ratio =</p> $\frac{\text{Current assets}}{\text{Current liabilities}}$
22	<p>Gearing (%) =</p> $\frac{\text{Non-current liabilities}}{\text{Total equity + non-current liabilities}} \times 100$ <p>Where total equity + non-current liabilities = capital employed</p>
23	<p>Payables days =</p> $\frac{\text{Payables}}{\text{Cost of sales}} \times 365$
24	<p>Receivables days =</p> $\frac{\text{Receivables}}{\text{Revenue}} \times 365$
25	<p>Inventory turnover =</p> $\frac{\text{Cost of sales}}{\text{Average inventories held}}$
26	<p>Average rate of return (%) =</p> $\frac{\text{Average annual return (£)}}{\text{Initial cost of project (£)}} \times 100$