



# The Sir John Colfox Academy

Inspiring Learning, Achieving Excellence

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Knowledge Organiser  
*Influences on Business*  
(Paper 1 & 2: Unit 2)

This unit considers how external factors impact on businesses and the functional areas of:

\*Marketing    \*Operations    \*Finance    \*Human Resources

**Ecommerce**, also known as electronic **commerce** or internet **commerce**, refers to the buying and selling of goods or services using the internet, and the transfer of money and data to execute these transac-

Digital communication: Mobile phones, SMS, Email, chatroom, social media.

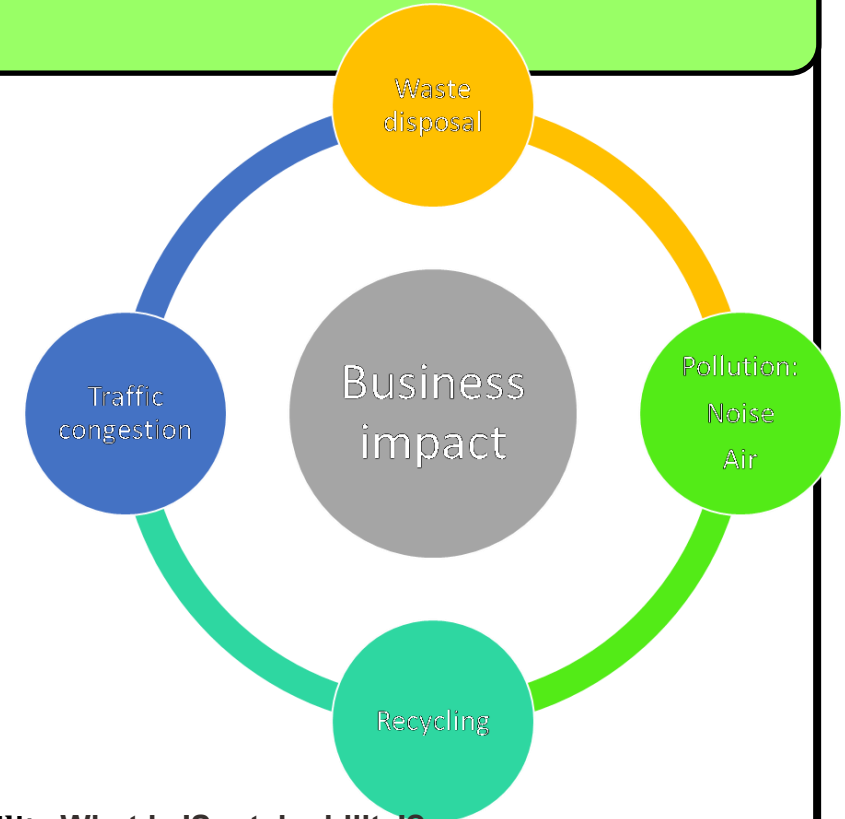
Exchange Rates:

**S P I C E D**

Strong Pound Imports Cheap Exports Decline

**Ethical firms** also carefully consider the implications of what they are doing and the effect it might have on the community and the environment.

**Ethics** is about doing the right thing. Ethical behaviour requires firms to act in ways that stakeholders consider to be both



How do exchange rates affect prices?

Exchange Rate  
Euros (€) for 1£



£2  
Yesterday

A €3 cup of coffee in Paris would cost a UK tourist £2 if the exchange rate was £1 = €1.5. If, at the time of their next visit, the pound had weakened to £1 = €1.2 then the same cup of coffee would cost 50p more in Sterling terms.

£2.50  
Today

**Sustainability What is 'Sustainability'?**

Sustainability focuses on meeting the needs of the present without compromising the ability of future generations to meet their needs. The concept of sustainability is composed of three pillars: economic, environmental and social - also known informally as profits, planet and people.



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# Interest and interest rates explained

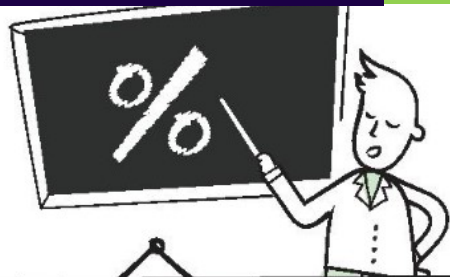
## 1. What are they?

Think of interest as being the cost of borrowing money.

The **RATE** of interest is the size of that cost. The higher the rate, more it costs. Lenders charge different rates.

! Lenders charge different rates.

! Interest can also be applied to your savings.



Interest is applied to different types of loan. This means you pay back more than you borrowed - the **loan plus the interest**.



Mortgages



Credit cards



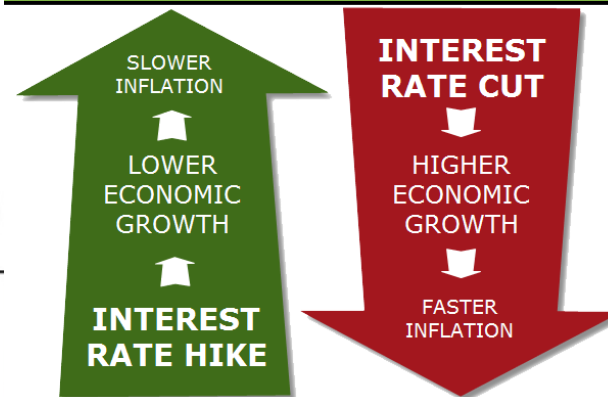
Car loans



Hire-purchases



Personal loans

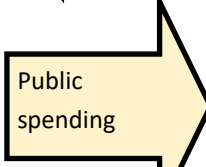
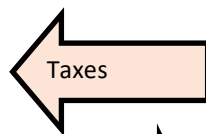
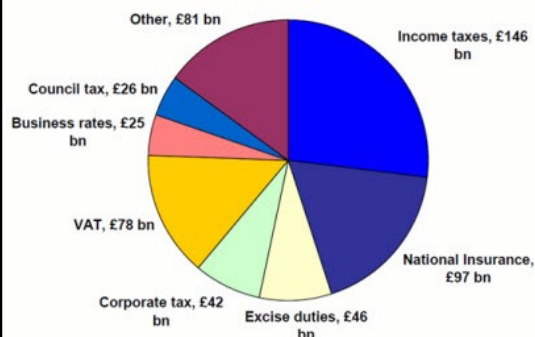


**Inflation** - is the term used to describe the increase in prices over time.  
In the UK the target is 2% each year.

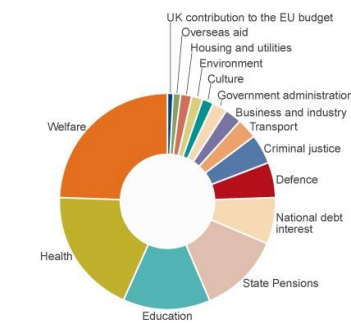
Taxes are used to:

1. Provide money for public sector services e.g. NHS, Pensions, Education.
2. To control the level of spending in the economy: higher taxes = less disposable income = lower inflation rates

**The Bank Of England controls interest rates & it uses interest rates to try & control inflation**



Example of the government's new annual tax summary



Source: HMRC

**Public Spending:** The government decide on tax and spending, if there is a deficit they have to borrow money.