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# INTERNATIONAL AS & A-Level BUSINESS STUDIES

## 9725

Unit 3 Business analysis

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Specimen paper      X am UK Time      Time allowed: 1 hour 45 minutes

**Materials**

You will need no other materials.

**Instructions**

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- If you need extra space for your answer(s), use the lined pages at the end of this book. Write the question number against your answer(s).
- Do all rough work in this book. Cross through any work you do not want to be marked.

**Information**

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 80.

## Section A

Answer **all** questions in the spaces provided.

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### CC plc

For the last 10 years, CC plc has developed software for a range of small businesses, including creating custom apps and websites. CC plc has always relied on skilled developers to deliver high-quality, personalised digital solutions.

Many of CC plc's competitors are now using artificial intelligence (AI) tools to generate code, design websites, and automate testing. This allows them to complete projects faster and at a lower cost. As a result, CC plc has started losing clients who prefer quicker and cheaper options offered by AI-powered services.

Inside the company, opinions are split. Some employees are worried AI will replace their jobs, while others see it as a tool that can help them work more efficiently. Management is unsure how to respond. Investing in AI would require significant financial spend on new software and training for staff. However, ignoring the need for AI could lead to further losses.

The marketing department at CC plc is being pressurised by other departments to create a sales forecast for next year. The marketing director has gathered sales data from last year to assist with calculations (see **Table 1**).

**Table 1**

Sales data for CC plc (last year)

	Sales (\$)	Three period moving total (\$)	Three period moving average (\$)
July	3 000 000		
August	2 900 000		2 933 333
September	2 900 000	8 800 000	2 866 667
October	2 800 000	8 600 000	<b>X</b>
November	2 700 000		
December	2 800 000		

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Using the data in **Table 1**, calculate the missing three period moving average (point **X**) for CC plc.

[4 marks]

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Explain **one** difficulty of sales forecasting for CC plc.

[4 marks]

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Analyse **two** influences on the business culture at CC plc.

**[8 marks]**

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.

Assess the arguments for and against and make a judgement.

**[12 marks]**

[illegible]

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The directors of CC plc are considering investing into artificial intelligence to increase profitability.

Is this likely to increase CC plc's profitability?

Assess the arguments for and against and make a judgement.

**[12 marks]**

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[illegible]

**Turn over for the next section**

## Section B

Answer all questions in this section.

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### Swift Wheels Ltd

Swift Wheels is a manufacturer of luxury electric bicycles (e-bikes) based in France. It was founded 15 years ago by Louis Allard, who still owns 100% of the shares. The business did extremely well when it was first launched, benefiting from government grants for green transport. Within 6 years, Swift Wheels had expanded to five regional outlets and secured contracts with several major retailers. Louis has always been committed to corporate social responsibility; making a commitment to ensure that Swift Wheels has a positive impact on all stakeholder groups.

Two years ago, the French economy entered a period of recession. The central bank raised interest rates to try and reduce inflation. With a gearing ratio of over 80%, Louis was concerned about the future of Swift Wheels. Today, the French economy is still suffering the effects of the recession. Some analysts have predicted further interest rate rises. Louis is considering adopting several strategies, but all of these will come with a significant financial investment. He created a SWOT analysis to help him consider some investment options.

One of the biggest opportunities Louis feels there is for Swift Wheels is to launch a low-price e-bike, however, this would be less environmentally friendly than the e-bikes it produces currently. This decision would go against the corporate social responsibility commitment that Louis made when he founded the business.

**Table 2**

Selected financial data for Swift Wheels (as at 31<sup>st</sup> December last year)

	€000s
Non-current assets	1 000
Current assets	200
Non-current liabilities	4 000
Total equity	900



**0 2 . 1**Calculate the gearing ratio for Swift Wheels using the data in **Table 2**.**[4 marks]**

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**0 2 . 2**Explain **one** benefit to Swift Wheels of conducting a SWOT analysis.**[4 marks]**

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Analyse **two** possible effects of a fall in interest rates for Swift Wheels.

**[8 marks]**

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Assess the arguments for and against and make a judgement.

**[12 marks]**

[illegible]

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**0 2 . 5** Louis is considering focusing less on corporate social responsibility.

Is this a good idea?

Assess the arguments for and against and make a judgement.

**[12 marks]**

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[illegible]

**END OF QUESTIONS**