

Surname	Centre Number	Candidate Number
First name(s)		2



GCE A LEVEL

1510U30-1



S25-1510U30-1

TUESDAY, 20 MAY 2025 – MORNING

BUSINESS – A2 unit 3
Business Analysis and Strategy

2 hours 15 minutes

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
1.	14	
2.	10	
3.	10	
4.	12	
5.	21	
6.	13	
Total	80	

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ADDITIONAL MATERIALS

In addition to this paper you may require a calculator and a ruler.

INSTRUCTIONS TO CANDIDATES

Use black ink or black ball-point pen. Do not use gel pen or correction fluid.

You may use a pencil for graphs and diagrams only.

Write your name, centre number and candidate number in the spaces at the top of this page.

Answer **all** questions.

Write your answers in the spaces provided in this booklet. Additional space is provided for some questions within the booklet (if required).

If further space is required for any question, you should use the additional page(s) at the end of this booklet. The question number(s) should be clearly shown.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets at the end of each question or part-question.

You are reminded of the necessity for good English and orderly presentation in your answers.



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

1. Sales forecasting

Bassini's Ice Cream Parlour is a business that has been based in a seaside town for over 20 years. The ice cream parlour is located outside a popular caravan park, by a children's fairground. Due to its location and consistently warm summers, the sales of its products has generally increased over the last 10 years. In 2017, the owners introduced new products in the form of specialised waffles and crêpes, which were very successful.

One of the owners is expecting the market for ice cream, waffles and crêpes to continue to grow, with more tourists expected to stay in the caravan park and with the news that the children's fairground is due to expand. However, not all of the owners are so positive, with one owner suggesting that more competition is likely to enter the market for desserts such as waffles and crêpes.

The owners have recorded their sales figures for the past 10 years and are going to use time series analysis to forecast future sales. The sales figures are shown in the table below:

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Sales revenue (£000s)	82	90	98	103	126	80	?	129	131	142
Three-point moving average (£000s)	-	90	?	109	103	107	108	125	134	-

- (a) State what is meant by sales forecasting. [1]

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- (b) Complete the table by calculating the missing figures for: [2]

- (i) Three-point moving average for 2017.

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- (ii) Sales revenue for 2021.

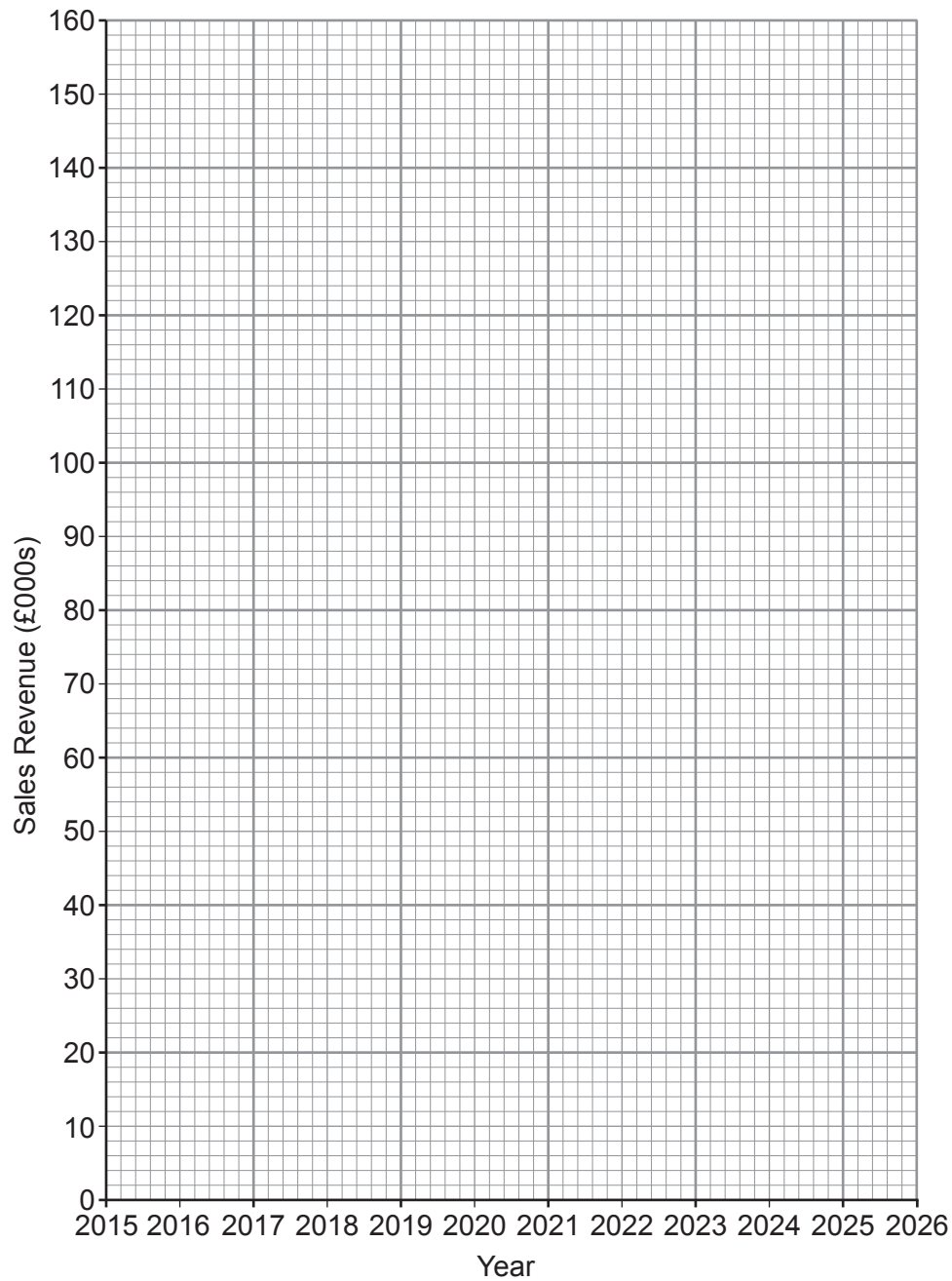
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- (c) Plot the three-point moving averages on the grid provided and use a line of best fit to predict the sales revenue for 2025. [3]



Prediction for the 2025 sales revenue



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Additional space for Question 1(d) only.

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[10]



Additional space for Question 2 only.



Northern Automotive Systems is a car parts manufacturer based in Gilwern, Monmouthshire. In 2020 the owners of the company considered a restructure as it aimed to become more attractive to customers and financially stable.

A local councillor representing the area said that she “hoped the Welsh Government could provide support to the company”. She went on to say that “the rationalisation will have an impact on the local economy because the people that work there regularly use the shops and pubs in the area”.

[10]



Additional space for Question 3 only.



4. Cost benefit analysis

Cost benefit analysis is often used by governments when they are considering a public project, such as the building of a new motorway, rail bridge or hospital.

In October 2020 it was announced that the UK Government planned to invest more than £50 billion in wind farms, giving them the ability to power every home in the UK with this energy by 2030. The first phase alone could create 12 000 jobs, mainly in the construction sector. Some experts in green energy initiatives have questioned the promise of mass job creation, with government promises in public sector investment projects over the past decade failing to materialise.



Environmentalists argue that wind farms are mainly good for the environment with clean energy and sustainable energy production. The wind farms will have health benefits, with the burning of fossil fuels reduced. However, some residents living in close proximity to wind farms have reported symptoms that include sleep disturbance and headaches due to the noise levels. In addition, there are some concerns that wildlife habitats could be damaged, initially by the construction phase and then by sound pollution.

(a) With reference to the data, define the following terms:

(i) Private cost.

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(ii) External benefit.

[2]

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Additional space for Question 4(b) only.

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5. Sports facilities in Wales

An investigation into the current provision of indoor sports facilities in one local authority in Wales identified improvements were needed to meet the needs of residents across the area. It provided evidence of the need to replace an existing leisure centre and build a new state-of-the-art leisure centre. However, in recent years, government funding to local authorities in Wales has been cut. As a result, public spending on sport and leisure has been significantly reduced.

In response to the findings of the investigation, the local authority conducted an investment appraisal of two potential investment options to improve indoor sports facilities:

- **Option 1 (Town A)** – to build a new leisure centre in Town A which would include a 25-metre main swimming pool, 1 sports hall, 1 health and fitness suite (to accommodate 60 people exercising), 1 studio for exercise classes, 1 squash court and parking for a maximum of 120 vehicles.
- **Option 2 (Town B)** – to build a new leisure centre in Town B which would include a 25-metre main swimming pool, a 15-metre learner swimming pool, 2 sports halls, 1 health and fitness suite (to accommodate 100 people exercising), 3 studios for exercise classes, 1 spin studio used for cycling classes and parking for a maximum of 250 vehicles.



The table below shows information that the local authority identified from the investigation:

	Town A	Town B
Population	22 000	38 000
% of people unemployed	4.1	2.7
% of people actively engaged in physical exercise and sports	58	72

The following tables represent the initial cost of the investments and potential returns that the new leisure centres could bring to the local authority over the next five years:

Option 1 – Town A	
Initial cost £12 000 000	
	Annual net cash flow
Year 1	£2 000 000
Year 2	£3 000 000
Year 3	£4 000 000
Year 4	£4 500 000
Year 5	£5 000 000

Option 2 – Town B	
Initial cost £18 000 000	
	Annual net cash flow
Year 1	£4 000 000
Year 2	£4 500 000
Year 3	£5 000 000
Year 4	£6 000 000
Year 5	£6 600 000

In order to calculate the return on its investments, the local authority uses a discount rate of 5% as shown in the table below:

Year	Discount rate of 5%
1	0.95
2	0.90
3	0.86
4	0.82
5	0.78



- (a) Calculate the payback period for Option 1 (Town A) and Option 2 (Town B).
Show your workings.

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- (b) Calculate the net present value (NPV) for Option 1 (Town A) and Option 2 (Town B).
Show your workings.

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Additional space for Question 5(c) only.



6. Special orders

PC Designs Ltd is a small scale business that offers printing services to other businesses and the general public such as shop signage, vehicle wrapping (advertising on business vehicles), printed advertising materials and printed clothing.

One of its popular services is to supply local sports teams with their sports kit, particularly players' shirts. On average, PC Designs Ltd sells 2000 shirts a year. The business charges £18 per shirt, with a variable cost of £12. The fixed costs of the business are £20 000 per year. PC Designs Ltd is currently operating at 80% capacity.

A representative of a local secondary school recently approached PC Designs Ltd to ask about a one-time special order. The school will be hosting an athletics event and is only willing to pay PC Designs Ltd £16 per unit to supply 400 custom-made T-shirts for the event, with the names of competitors printed on the back of the T-shirts.

PC Designs Ltd's variable costs for the one-time special order for the local secondary school are as follows:

- Raw materials per unit £10
- Labour per unit £4

- (a) Calculate the total contribution that would be made if PC Designs Ltd decided to accept the one-time special order for the custom-made T-shirts from the secondary school. Show your workings. [3]

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- (b) Advise PC Designs Ltd on whether or not to accept the one-time special order for the custom-made T-shirts from the secondary school. [10]

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Additional space for Question 6(b) only.

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