



## Worksheet 7: Chains of analysis answers

- 1 A business increases its prices. Develop a chain of analysis of how this might affect the business.

Prices increase	<i>Customers have to pay more for goods</i>	<i>Demand may decrease</i>	<i>Decrease in profits/ revenue of the business</i>
-----------------	---	----------------------------	---

- 2 A business faces increased import duties on its raw materials. Develop a chain of analysis of how this might affect its customers.

Import duties increase	<i>Purchase costs/cost of production increases</i>	<i>To keep profit margin the same</i>	<i>Higher prices charged by passing costs to customers</i>
------------------------	--	---------------------------------------	--

- 3 A business successfully implements a computerised accounting system. Develop a chain of analysis of how this might affect the government.

Computerised system implemented	<i>More efficient financial records</i>	<i>Reports compiled and filed quickly</i>	<i>Collects accurate tax quickly</i>
---------------------------------	---	---	--------------------------------------

- 4 A business has better P/E (Price/Earning) ratio. Develop a chain of analysis of how this might affect the investors.

P/E (Price/Earning) ratio increases	<i>Increase in market price</i>	<i>More demand due to increased confidence</i>	<i>Capital growth due to increase in the value of shares</i>
-------------------------------------	---------------------------------	--	--