## Solutions

Marking: **K** = knowledge, **App** = applying it to the business in the case, **An** = analysis (explaining causes and effects step by step), **Ev** = evaluation (a judgement with reasons, for this business). In calculations, **M1** is for the method and **A1** for the answer. Longer answers are marked in levels: the top level needs analysis applied to the business **and** a justified judgement.

Each answer shows the steps, then the **result**.

**2.1**

- $-15 \div -5$
- **3**

**2.2**

- $5 \div 20$
- **0.25**

**2.3**

- $405 \div 3 =$ **135**
- placed at February

**3.1**

- a forecast assumes past patterns will continue (K)
- new rivals, a recession or a change in tastes can break the pattern (An)
- so the forecast may be wrong, and decisions on stock, staff or finance may be wrong too (An)

**3.2**

(a) $1.8 \times 3 = 5.4\%$; $20\,000 \times 1.054 =$ **21 080** packages

(b) any two, each analysed (2 marks each):

- moving averages assume the trend continues, but holidays are hit by sudden events such as health scares (K, An)
- they smooth out seasonal peaks, so the forecast for a single quarter may be far out (K, An)
- they react slowly to a change in trend (K, An)

(c) points to include:

- YED of 1.8 shows holidays are a luxury: if incomes rise, sales rise faster, so SunTrek can plan more capacity (App)
- the trend and seasonal pattern help plan when to advertise and how many staff to hire (App)
- elasticities are estimates from past data and may change, e.g. if rivals cut prices (An)
- the income forecast itself may be wrong; a recession would reverse the effect (An)
- qualitative factors, such as new destinations or travel trends on social media, are not in the numbers (An)
- judgement: useful as a starting point for budgets and capacity, but SunTrek should test several scenarios and update the plan as new data arrive (Ev)

Levels: **top** (9–12) analysis applied to this business, and a justified judgement that answers the question; **middle** (5–8) some analysis applied to the business; judgement weak or missing; **bottom** (1–4) relevant points, little explanation or application.