CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/42**

Paper 4 Business Strategy **February/March 2026**

1 hour 15 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS
- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION
- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **4** pages.

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[Turn over

Potato Farm (PF)

Farouk has been a farmer for his whole working life. He owns PF, the biggest potato farm in country B.

PF supplies the majority of supermarkets and food manufacturers in country B.

In 2018, PF's crops were destroyed by disease that spread throughout the potato crops of country B. This led to PF requiring finance to survive. Farouk converted PF into a private limited company in 2019 with the majority of shares owned by a private equity firm. Farouk still retains 40% of the shares and he is the chief executive officer (CEO). PF's mission statement is:

> 'PF is committed to fulfilling our customers' needs by supplying the tastiest potato products tailored to the country B market.'

Timeline of PF

2020	Farouk chairs his first annual general meeting (AGM). He presents ratio analysis based on the most recent financial statements (see **Appendix 1**). Farouk hires a management consultant to analyse PF's market and growth options (see **Appendix 2**).
2021	The management consultant completes her analysis and presents two growth options to the board of directors (see **Appendix 3**).
2022	Farouk uses scenario planning to choose between the two options for growth. Option 2 is chosen.
2023	Farouk outlines his strategic implementation plan to the AGM (see **Appendix 4**).
2024	PF finalises the takeover of ZF. Both business divisions start to trade as PF.
2025	PF's revenue increases by 15% and its profit increases by 7%.

Developing a strategy for growth

Farouk is pleased with how PF has steadily increased its revenue and profit since taking over ZF. He thinks it is time for PF to continue growing.

Farouk is unsure of the best strategy for growth. He believes that PF's financial statements will be important to develop an effective new strategy for growth.

Appendix 1: PF's ratio analysis in 2020

	2020
gross profit margin	85%
operating profit margin	4%
return on capital employed (ROCE)	18%
gearing	80%
current ratio	1:1
acid test ratio	0.3:1

Appendix 2: Analysis of PF and its market in 2020

Strategic approaches used to analyse the potato market in country B and PF's position in that market.

- SWOT analysis
- PEST analysis
- Force field analysis.

Appendix 3: Growth options presented in 2021

Option 1

To use internal (organic) growth. Purchase low-cost land in country B and neighbouring countries. Use this land to grow more potatoes and target an international market with PF's current products.

Option 2

To use forward vertical integration and takeover Zingy Fries (ZF), a manufacturer of potato products in country B. This will increase PF's revenue and should allow for increased economies of scale.

Appendix 4: Extract from strategic implementation plan for the takeover of ZF in 2023

task	**director responsible for implementation**	**deadline**
set objectives and targets	Farouk (CEO)	January 2024
assign roles and responsibilities	Farouk (CEO)	February 2024
workforce planning for PF after takeover	human resource director	February 2024
design and implement new marketing strategy	marketing director	June 2024
implementation of lean production in factory	operations director	June 2024
integration of ZF and PF accounting and finance IT systems	finance director	December 2024

Answer **both** questions.

1 Evaluate the effectiveness of PF's strategic management between 2020 and 2025. [20]

2 Advise Farouk on the usefulness of financial statements when developing a new strategy for PF's growth. [20]