

- Profits - PC Worlds profit margin can increase in growth by the amount of extra earnings people pay them for their sales. A problem may be having to lower their prices too much to attract customers in order to lead them away from their competitors. But if they continuously catch the attention of customers, they will be able to use some of their higher profits to obtain more materials and affordable offers, which can attract even more customers for better proceeds.

- Employment of staff - While this tax increase lasts, the business should be able to afford more staff, who can assist with the high number of consumers who are able to afford IT equipment. But these staff can be temporary, so they can leave PC World once people are just managing to pay their taxes again, or they can be permanent due to the company being able to afford them because of their high start off payment. These staff may also be able to help the business as they can purchase the businesses products with their own high income.

- Orders from their suppliers - PC World are going to be placing orders of equipment from their suppliers. Due to their progressive earnings, the business will be more capable to afford the extra materials. But the higher business their suppliers gain can even lead to them giving PC World a discount. This trade can leave an even balance of growing income for PC World and decreasing prices from suppliers.

- Possible long – term effects - This method of fiscal policy can leave long term effects as well as short term. The number of richer customers going to PC World longer can lead to a bigger impact on their decisions. PC World could also increase the size of their business, as the higher money they gain can afford more stores or warehouses to serve more of those comfortable consumers, where even after this tax there would still be bigger business due to the investment made on these new stores. When PC World are handling contracts with business customers because of their deliveries of IT equipment, it may be due to the amount of income they have gained from their more affluent customers. The development of the company can give interest to other potential businesses, leading to very great profits. The amount made will not only lead to a greater percentage in the company's profit margin, but it would also allow the business to afford making the store develop in size, leading also to a rise in the number of products given. These long term effects will certainly give greater results, so long as PC World can attract and make sales with their richer consumers.

ii.) Monetary policy is when Central Bank actions influence the availability and cost of money and credit, as a means of helping to promote economic growth. This significant rise in the Bank of England's base rate is a way of endorsing financial expansion. The effects made upon PC World because of this are not as positive as those made with the increase in people's main personal allowance:

- Sales and revenues - Since the base rate has caused people to pay more to their banks, they result in having low income. This will leave them being unable to afford products such as IT equipment, making PC World experience a loss of sales as well as revenue. Because the cost of IT equipment is too high for people affected by the base rate change to afford, the business would have to lower their prices more than usual in order to make any sales. The size of their overall revenue would result poorly as well due to the lack of income managed.

- Profits - PC Worlds profit margin would fall, because of their sales and revenue gradually decreasing. If people are having to pay more to their banks it will obviously cause a problem for their