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A council found that 70% of its new local businesses made a profit in their first year.

The council introduced an incentive scheme for its residents to encourage the use of new local businesses.

At the end of the scheme, a random sample of 25 new local businesses was selected and it was found that 21 of them had made a profit in their first year.

Using a binomial distribution, investigate, at the 2.5% level of significance, whether there is evidence of an increase in the proportion of new local businesses making a profit in their first year.

[6 marks]