Please check the examination details below before entering your candidate information

Candidate surname	Other names

Pearson Edexcel
International Advanced Level

Centre Number	Candidate Number

Time 2 hours

Paper reference **WBS12/01**

Business

International Advanced Subsidiary
UNIT 2: Managing business activities

You must have:
Source Booklet (enclosed)

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions in Sections A, B and C.
- Answer the questions in the spaces provided
  – *there may be more space than you need.*

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets
  – *use this as a guide as to how much time to spend on each question.*
- Calculators may be used.

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.
- Good luck with your examination.

Turn over ▶

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SECTION A

Read Extracts A and B in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

1 (a) Define the term 'partnership'. (Extract A, line 1)

(2)

(b) Explain **one** way the number of competitors in British Columbia might affect *Brooke Downs Vennard Partnership* (*BDVP*).

(4)

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(c) Analyse **two** ways that employee protection legislation may affect a business such as *BDVP*.

(6)

BDVP is considering the use of factoring.

(d) Discuss whether this is a suitable way to improve liquidity for *BDVP*.

(8)

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(e) Assess whether improving employee motivation is likely to be the most effective way to increase productivity for a business such as *BDVP*.

(10)

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(Total for Question 1 = 30 marks)

TOTAL FOR SECTION A = 30 MARKS

SECTION B

Read Extracts C and D in the Source Booklet before answering Question 2.

Write your answers in the spaces provided.

2 (a) Define the term 'market conditions'. (Extract C, line 6)

(2)

(b) Using the data in Extract C, calculate the profit for the year (net profit) for *Hostelworld* in 2018. You are advised to show your working.

(4)

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(c) Analyse **two** ways *Hostelworld*'s efficiency might be affected by having an option of how to make a booking.

(6)

(d) Discuss whether share capital is likely to be a suitable method of finance for a business such as *Hostelworld* when planning its growth strategy.

(8)

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The Chief Executive of *Hostelworld* used forecasts about the increase in international tourism when planning the future of the business.

(e) Assess the extent to which the business cycle should also be considered by *Hostelworld* when making decisions.

(10)

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(Total for Question 2 = 30 marks)

TOTAL FOR SECTION B = 30 MARKS

SECTION C

Read Extracts E and F in the Source Booklet before answering Question 3.

Write your answer in the space provided.

3 Using the data in Extracts E and F, evaluate whether *The Mountain School* should try to increase its margin of safety by advertising or increasing the price.

(20)

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(Total for Question 3 = 20 marks)

TOTAL FOR SECTION C = 20 MARKS
TOTAL FOR PAPER = 80 MARKS

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GradeMax

Pearson Edexcel International Advanced Level

Time 2 hours

Paper reference **WBS12/01**

Business

International Advanced Subsidiary
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Source Booklet

Do not return this Source Booklet with the question paper.

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Sources for use with Section A

Extract A

Brooke Downs Vennard Partnership (BDVP)

BDVP is a firm of solicitors located in British Columbia, Canada. Established in 1980, it has grown into one of the most respected legal businesses in the area. This is important because there are over 10,000 qualified solicitors competing for clients in British Columbia. As well as providing clients with assistance when buying property or making a will, the partners specialise in business, contract and commercial law.

Clients are allowed either 30 or 60 days to pay on completion of legal work provided by the partnership. This has helped *BDVP* increase its client base. However, it can make cash flow more difficult to manage.

Communication is very important to *BDVP* and the partners try to replace computers whenever they become out-of-date and slow. They also make sure employees are trained in the use of technology.

As well as employing five solicitors, *BDVP* has a team of other employees in legal occupations such as secretaries, administrative assistants and junior associates. Employees currently work from 8.30 am – 5 pm with a 30 minute lunch-break. All employees are encouraged to take responsibility for their work and are often consulted about changes affecting the office. The latest example of a consultation was a discussion about changes to employee protection legislation and how it would affect the partnership.

Extract B

British Columbia Employment Standards Act

British Columbia employers can expect significant amendments to the Employment Standards Act to be introduced in 2019.

Some of the more significant recommendations for amendment include:

- allow alternative working hours within the 40-hour week to the standard eight-hours per day
- allow employees the right to refuse overtime in circumstances where overtime would conflict with significant family-related commitments, scheduled educational commitments, or other employment obligations
- the existing five days per year unpaid family responsibility leave would be replaced with seven days per year of unpaid leave, which could be taken for reasons of the employee's own illness or for the care, health, or education of a child in the employee's care.

Sources for use with Section B

Extract C

Hostelworld reports dip in revenue and operating profit

Hostelworld is an Irish company that provides an online booking platform for cheap accommodation worldwide. It operates in a market that is described as being 'highly competitive'. In 2018, it reported a decrease in revenue and profit. However, this decrease is similar to many of its competitors and it is optimistic about its future due to favourable market conditions and overall growth in the market.

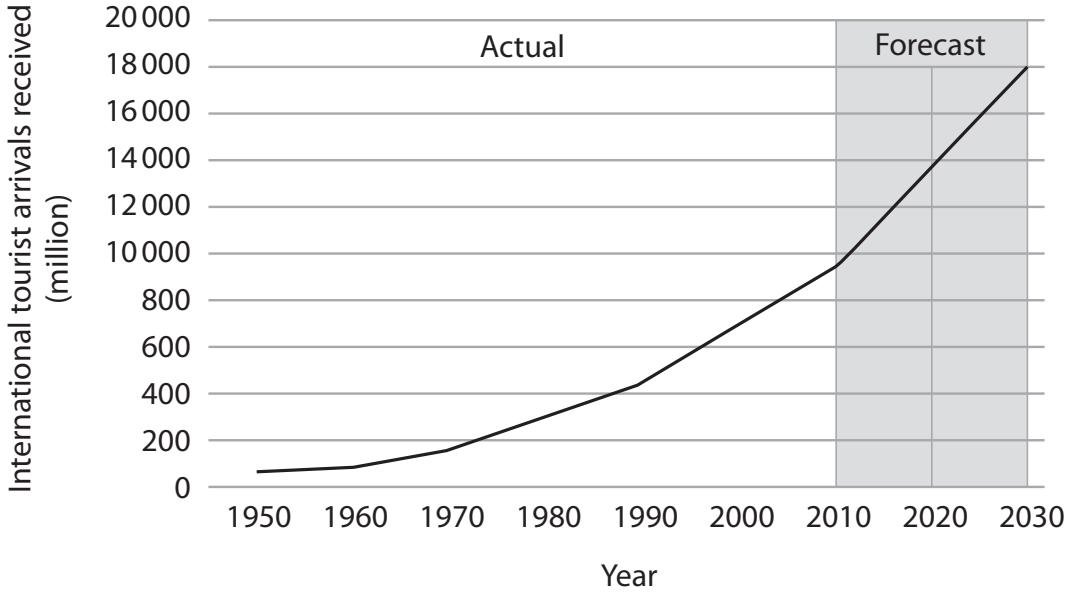
Hostelworld said revenue fell by 5% to €82.1m and operating profit fell to €6.7m in 2018, down from €11.9m the previous year. Finance costs (interest payments) remained constant at €0.6m. However, Chief Executive, Gary Morrison said, "We have a well known brand that is trusted by loyal customers. Our objective is to return to growth in 2020".

Hostelworld enables travellers to make bookings on its website or its app. It reported a 22% increase in bookings from the app, which accounted for 40% of all bookings in 2018. This shows the introduction of the app was a worthwhile cost to the business. "To encourage customers to use *Hostelworld* we have to adapt to suit their busy lifestyles. Having an option of how to book offers customers convenience and flexibility," continued Mr. Morrison.

In 2018, *Hostelworld* said it was proposing to pay a dividend to shareholders of €0.138 per share and intends to use share capital to help fund its growth strategy. The strategy will take advantage of growth in the market and focus on increasing market share for *Hostelworld*. This will be through investment in advanced technology, increased awareness of customer needs, refocused marketing activities and a strengthened management team.

Extract D

International tourist arrivals forecast to reach 1.8 billion by 2030



Sources for use with Section C

Extract E

The Mountain School

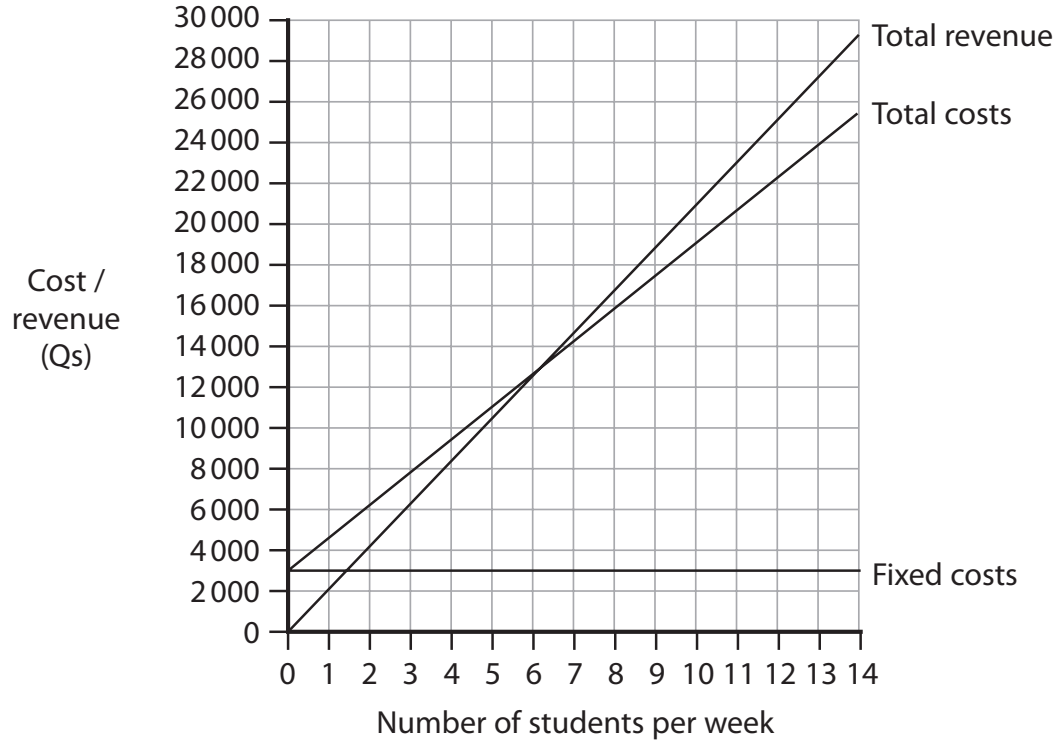
The Mountain School offers Spanish tuition to visitors to Guatemala. The school also gives students the opportunity to experience rural life while they study. As well as receiving quality Spanish language instruction, students develop an awareness of life in Guatemala. Students stay in the school but take their meals with families in the local community.

The price for one week's tuition, accommodation and all meals is 2 100 Quetzales (Qs). This is equivalent to about $275. The school is committed to improving the quality of life for its neighbours. Students staying at *The Mountain School* benefit the local community by providing work for them, at a fair wage. Each family providing a student with meals earns 600 Qs a week.

Although the school accepts a maximum of 14 students per week. The average number of students per week is eight. The use of a break-even chart, which shows variable costs of 1 600 Qs per student and fixed costs of 3 000 Qs, has led to a discussion about how the margin of safety could be increased.

Extract F

Break-even chart for *The Mountain School*



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Acknowledgements

Extract A adapted from: https://www.yellowpages.ca/bus/British-Columbia/Salmon-Arm/Brooke-Downs-Vennard-LLP/6714579.html?what=Lawyers&where=Salmon+Arm-Revelstoke%2C+BC&useContext=true

Extract B adapted from: https://www.lexology.com/library/detail.aspx?g=0e452259-edca-4ace-8045-865b066eb146

Extract C adapted from: https://www.irishtimes.com/business/transport-and-tourism/hostelworld-reports-dip-in-revenue-and-operating-profit-1.3846641

Extract D adapted from: © UNWTO

Extract E adapted from: https://escuelamontana.org/