GradeMax

Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International Advanced Level

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.

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 'competitive market'. (Extract A, line 7)

(2)

(b) Using the data in Extract B, calculate, to two decimal places, the percentage change in the rate of UK unemployment from January 2015 to January 2020. You are advised to show your working.

(4)

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(c) Analyse **two** possible disadvantages for *Symington's* if there is over-utilisation of capacity.

(6)

(d) Discuss the possible effects that a change in the rate of unemployment may have on *Symington's* sales forecasts.

(8)

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Symington's is a private limited company that cannot sell shares on the stock market.

(e) Assess the extent to which share capital is likely to be the most appropriate method of finance for growth of a private limited company, such as *Symington's*.

(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 'inflation'. (Extract C, line 7)

(2)

(b) Using the data in Extract D, calculate, to two decimal places, the acid test ratio for *Jetty Service Centre* in 2019. You are advised to show your working.

(4)

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(c) Analyse **two** ways, other than reducing costs, a motorcycle repair shop on the island of Malé may try to compete with other businesses.

(6)

(d) Discuss whether an increase in labour productivity will always increase competitiveness for a business such as *Jetty Service Centre*.

(8)

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(e) Assess the extent to which a cash-flow forecast will ensure the success of *Jetty Service Centre*.

(10)

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(Total for Question 2 = 30 marks)

TOTAL FOR SECTION B = 30 MARKS

SECTION C

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

Write your answer in the space provided.

3 Evaluate whether it is always better for a business to use quality assurance rather than quality control.

(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

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Source Booklet
Do not return this Booklet with the question paper.

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Sources for use with Section A

Extract A

***Symington's Ltd* – providing great tasting food for 180 years**

Symington's is a UK food company that specialises in making dried, packaged convenience food products such as soup, pasta and noodles. *Symington's* has six sites in Yorkshire and employs 800 people, a 100% increase on five years ago.

Fast-paced consumer lifestyles and the increasing popularity of *Symington's* products in supermarkets has helped the company grow, even though it operates in a competitive market. However, it has led to the risk of over-utilisation of capacity. Further growth is being considered by the directors.

One of the most popular brands made by *Symington's* is a range of dried pasta, rice and noodles that are made in a mug or a cup. The range is called 'Mug Shot' and there are a variety of flavours available, each with a price of less than £1.00. Growth of the business would enable production of several flavours at the same time.

Extract B

UK percentage rate of unemployment January 2015 – January 2020



Sources for use with Section B

Extract C

Motorcycles on Malé

Malé, the island capital of the Maldives, is one of the most densely populated cities in the world. There are estimated to be 15,000 motorcycles registered on the island, which has an area of less than 200 hectares and a population of more than 100,000.

A large number of motorcycles mean a large number of motorcycle service and repair shops. However, it can be a challenge for owners of these businesses to remain competitive. Although inflation is currently low, costs of parts to repair the motorcycles are expensive. This is due to the high cost of transportation to the island. It means each business needs to use different methods to compete in an attempt to win custom from other businesses.

Some repair shops charge very low prices as this can appeal to many customers. However, a high number of customers are needed in order to pay the fixed costs of the business. Other repair shops have advertised by putting posters around the island or delivering leaflets giving details of services offered. This can give customers information about repair shops in different parts of the island.

Jetty Service Centre tries to do something a bit different. It charges an annual fee to customers, which is paid in monthly instalments. Customers can then return to have their motorcycles serviced and repaired as many times as needed in that year, but the price of motorcycle parts are an additional cost.

"This different approach had been reasonably effective so far, with customers favouring being able to spread the cost of repairs," said a spokesman for *Jetty Service Centre*. "A lot of the motorcycles on Malé are quite old and need regular attention," he continued. "We train our mechanics so they are more productive, which helps make the scheme work."

Extract D

Selected financial data from *Jetty Service Centre*'s statement of financial position in 2019

	$
Intangible assets	145 200
Inventories	31 500
Cash	47 900
Current liabilities	18 000
Loans	23 700

Sources for use with Section C

Extract E

Lena Lighting

Lena Lighting is a large Polish manufacturer of lighting fixtures. It has been listed on the Warsaw Stock Exchange since 2005. It designs, develops and manufactures lighting fixtures. For 28 years it has responded to the needs of both its domestic and export customers. It provides technologically advanced lighting systems and can design fixtures to suit individual customer requirements. *Lena Lighting* is especially appreciated in Western Europe and Scandinavia, where its products are considered professional and high-quality. All products are sold with a two-year warranty. 5

Extract F

Mugz

Mugz is a small business in Tasmania, Australia that produces a wide range of drinking mugs. There are many designs but each is printed on a basic mug. The mugs are sold to souvenir shops across the country, to be purchased by tourists. Mass production allows costs to be kept to a minimum and even faulty products can be sold to discount stores. 5

Extract G

CF Fashions

CF Fashions (CFF) is one of the oldest clothing manufacturers in Jordan. It is based in Amman and has over 15,000 employees with an annual turnover of more than $250m. However, labour turnover is high, with some employees complaining that they do not feel valued and do not understand some of the procedures they have to follow. 5

Acknowledgements

Extract E adapted from: https://www.lenalighting.pl/en/company/about-us