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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P 7 2 1 4 2 A 0 1 1 6

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SECTION A

Read Extract A in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

1 (a) Define the term 'inventory'. (Extract A, line 15)

(2)

The estimated price elasticity of demand (PED) for the cheapest CCTV system that *ASV* installs is –0.38.

(b) Using the data in Extract A, calculate to two decimal places, the estimated percentage change in demand for this CCTV system if there is an increase in price. You are advised to show your working.

(4)

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(c) Analyse **two** possible disadvantages to *ASV* of using job production.

(6)

(d) Discuss the extent to which problems with suppliers may affect *ASV*.

(8)

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(e) Assess the possible benefits to *ASV* of becoming a private limited company (Ltd).

(10)

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(Total for Question 1 = 30 marks)

TOTAL FOR SECTION A = 30 MARKS

SECTION B

Read Extract B in the Source Booklet before answering Question 2.

Write your answers in the spaces provided.

2 (a) Define the term 'supply'. (Extract B, line 8)

(2)

Dapaah Chocolates needs to sell 160 bars of chocolate a month in the UK to break even. The total fixed costs are £680 a month.

(b) Using the data in Extract B, calculate the total variable costs per month. You are advised to show your working.

(4)

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(c) Analyse **two** sections that might be included in a business plan prepared by *Dapaah Chocolates*.

(6)

(d) Discuss whether *Dapaah Chocolates* is likely to find it difficult to accurately forecast sales.

(8)

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(e) Assess how *Dapaah Chocolates* could increase its profits.

(10)

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(Total for Question 2 = 30 marks)

TOTAL FOR SECTION B = 30 MARKS

SECTION C

Read Extracts C, D and E in the Source Booklet before answering Question 3.

Write your answer in the space provided.

3 Evaluate how economic influences in the Philippines may affect Gustavo's decision of which business he chooses to start.

(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**

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Business

International Advanced Subsidiary
UNIT 2: Managing business activities

Source Booklet

Do not return this Booklet with the question paper.

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Source for use with Section A

Extract A

Auto Sound & Vision (ASV)

ASV is a business that installs security systems and Closed-Circuit Television (CCTV) in vehicles. It is based in Galway, Ireland and run by sole trader, Mark Saunders. *ASV* has steadily grown as a business for 22 years. There has been a sudden increase in customers over the last year. Mark is very busy, often needing to work seven days a week to meet the increased demand.

CCTV is popular with businesses and private customers, as it improves the security of their vehicles. The price of the cheapest system *ASV* installs is €625. However, *ASV* has recently had problems with the supply of cameras used in this system. An alternative supplier has been found but this will raise the price for customers by €75.

Mark has few competitors and many customers are prepared to travel across the country for the service provided by *ASV*. Most of the new customers come as a result of the positive reviews on social media from satisfied customers. *ASV* has a number of business customers who regularly require systems to be installed in their vehicle fleets.

ASV does not keep a large inventory but it is important to Mark that the latest technology is used in the various systems installed. New technology is often needed to carry out these installations and purchasing it can be expensive. Mark thinks this is important to ensure that he provides a high-quality service. Each system Mark installs is specific to that customer's vehicle. Mark is very careful when he hires employees because he wants to maintain high standards. Each employee needs to be trained in all aspects of the work carried out by *ASV*.

Source for use with Section B

Extract B

Dapaah Chocolates

For several generations our family has been involved in farming Ghana's globally recognised cocoa. Our founder, Raphael, had the idea of using Ghana's quality cocoa to make luxury chocolate. Realising the opportunity this would bring to the local community in the form of higher wages and jobs, Raphael became determined to use our family's heritage to have an impact on the chocolate industry. Kwaku and Afia Valerie joined their brother and *Dapaah Chocolates* began.

Despite growing as much as 20% of the world's global supply of cocoa, Ghana does not have a single chocolate brand that is globally recognised. In our business plan we aim to change this and become a premium chocolate brand that celebrates the heritage and origins of Ghanaian cocoa.

Dapaah Chocolates are handmade from start to finish. They are made in small batches, using only the finest organic cocoa from the Eastern Region of Ghana. Sourcing from this single region means that we can maintain a close partnership with our suppliers and ensure that the cocoa is produced ethically and sustainably. Our chocolates are organic and completely dairy-free.

In the UK, production and packaging takes place at our factory in London. A bar of *Dapaah* chocolate can be bought for £9.99 from our own website.

Sources for use with Section C

Extract C

A decision to be made about which business to choose

Gustavo lives in the Philippines. He has recently inherited some money and would like to start a small business in his local area. After studying some possibilities, he is now considering two options.

The first option is to sell second-hand goods in a shop known as a 'Thrift Shop'. If selected, Gustavo would sell second-hand bags, dresses and shoes to customers looking to manage on a cheaper budget. Research has shown this type of shop is very popular in the Philippines and revenue could reach $300 per day. However, these shops need to be registered with the government, which then issues a permit to trade. In addition, Gustavo is unsure whether he has enough money to finance the start-up costs needed to open the shop.

The second option is to offer his services as a website designer. Gustavo has experience in this area and already owns most of the equipment he would need. However, he would need to build up a reputation as a designer by using marketing techniques to attract customers.

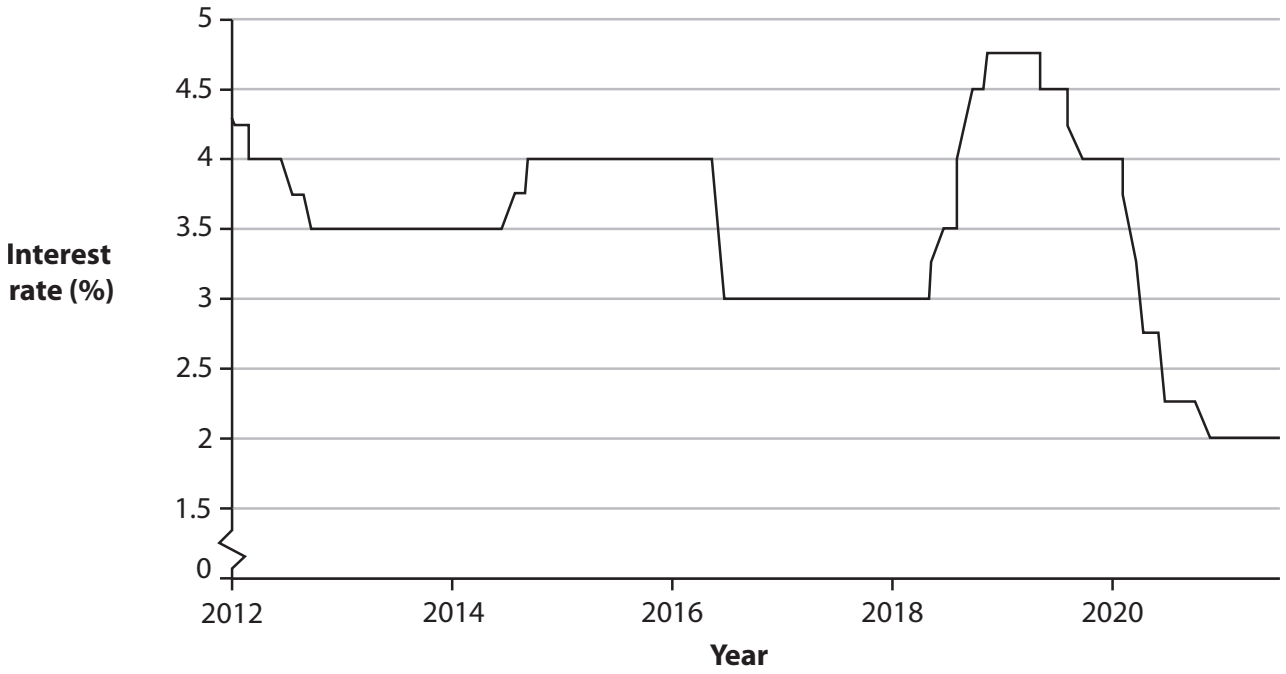
Extract D

The rate of inflation (%) in the Philippines 2012 – 2021



Extract E

Interest rates (%) in the Philippines 2012 – 2021



GradeMax

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Acknowledgements

Extract B adapted from: https://www.dapaahchocolates.co.uk/

Extract D adapted from: https://tradingeconomics.com/philippines/inflation-cpi

Extract E adapted from: https://tradingeconomics.com/philippines/interest-rate