Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International Advanced Level

Monday 15 January 2024

Afternoon (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 'unique selling point (USP)'. (Extract A, line 3)

(2)

In 2021 the average capacity utilisation for each film shown at *The Rex Cinema* was 39%.

(b) Using the data in Extract A, calculate the average sales revenue per film shown at *The Rex Cinema* in 2021. You are advised to show your working.

(4)

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(c) Analyse **two** possible advantages for the Mundin family of using retained profit to open *The Rex Cinema*.

(6)

Instead of purchasing the building in which *The Rex Cinema* is located, the Mundin family lease it.

(d) Discuss the advantages to the Mundin family of leasing the building.

(8)

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(e) Using the data in Extracts A and B, assess whether the causes of the previous cinema closure in 1995 are likely to be avoided by *The Rex Cinema*.

(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 'complementary goods'. (Extract C, line 8)

(2)

(b) Using the data in Extract C, explain **one** way the change in the contribution of kayak rentals per hour will affect *Kajak Kanu Klub*'s break-even point.

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(c) Analyse **two** possible advantages for *Kajak Kanu Klub* of producing a business plan.

(6)

(d) Discuss whether consumer trends make it difficult to accurately forecast kayak rentals for *Kajak Kanu Klub*.

(8)

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(e) Assess the likely impact on *Kajak Kanu Klub* of the changes in the Slovenian interest rate in 2022.

(10)

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(Total for Question 2 = 30 marks)

TOTAL FOR SECTION B = 30 MARKS

SECTION C

Read Extract E in the Source Booklet before answering Question 3.

Write your answer in the space provided.

3 Evaluate whether short product lead-in times or quality management is more likely to give *Freewing Model Technology Co Ltd* a competitive advantage.

(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

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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

The Rex Cinema

The Mundin family business has had success with three cinemas it opened between 2006 and 2015. All three offer a unique selling point (USP). They were former cinemas that have been restored, keeping their original style and name but with more comfortable seating and showing the latest films. The success of these three cinemas helped the Mundin family's decision to open *The Rex Cinema*.

The Rex Cinema is located in Wilmslow, UK. It was opened in December 2018 by the Mundin family. The cinema has a total of 200 seats. The price of £9.50 for a seat has remained unchanged since the cinema opened for business.

The Wilmslow premises are leased from the long-term owners of the building. A cinema operated there from 1936 to 1995. The former cinema was forced to close due to market conditions. In spite of already having reduced its seating capacity, there was not sufficient demand to keep the cinema open.

In 2022, the Mundin family launched an initiative to encourage cinema-goers to return after demand fell due to the global health crisis, with another local business, a pizza restaurant, *Wood, Fire, Smoke*. They started 'The Pizza Club' which offers a cinema seat, pizza, drink and ice cream for £25.00. The offer is available several times a month.

Extract B

Cinema attendance in the UK

Before the 1960s, television was limited and cinema attendance was very popular. However, the increase in television use and home-viewing of DVD films led to a decline in UK cinema attendance. From its peak of 1.64 billion ticket sales per year in 1946 it fell to 54 million in 1984.

In 1995 there were 115 million ticket sales. In 2001 there were 155 million ticket sales and by 2020, 177 million ticket sales. At this point the global health crisis forced cinemas to close for weeks or months during 2020 and 2021. This drastically reduced ticket sales in both years. In 2022, the number of people attending cinemas started to return to pre-global health crisis levels, with forecasts predicting 2023 would see attendances back to normal levels.

Sources for use with Section B

Extract C

Kajak Kanu Klub

Kajak Kanu Klub is a water-sports club and café situated on the side of the Ljubljanica River, in the city of Ljubljana, Slovenia. Most of the café's seating is outside but there are some tables inside for use in the colder winter months. It is open from 10:00 until 22:00 every day, providing refreshments to those wishing to enjoy the peaceful and relaxing location and to observe nature.

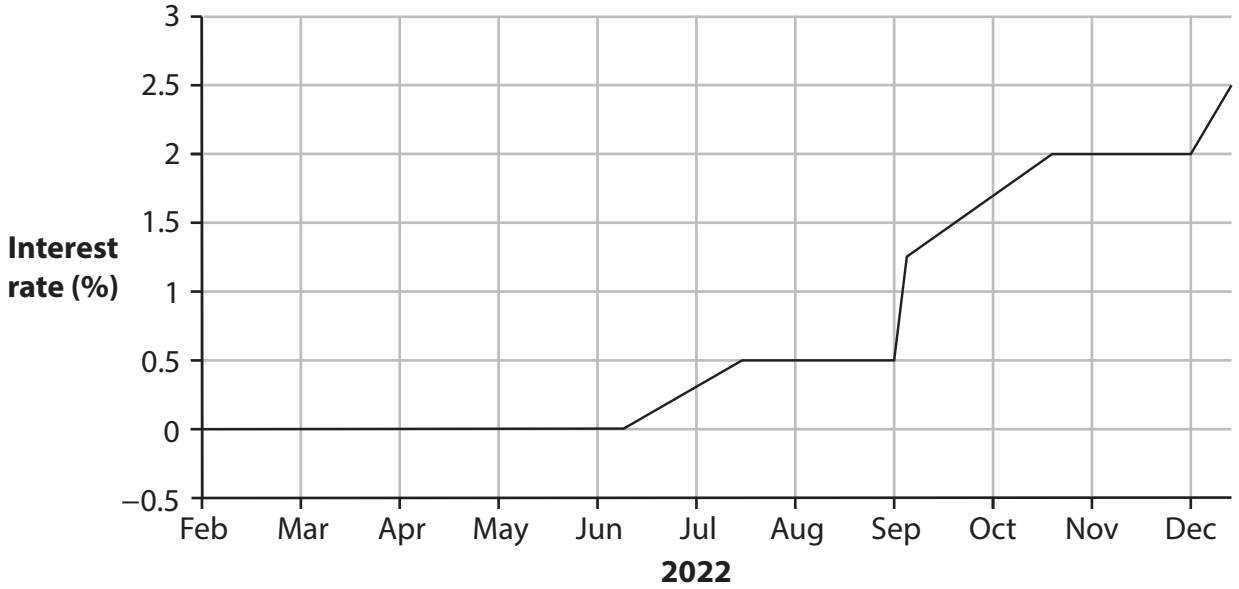
For those wanting to explore the river more closely, kayaks can be rented. The business owns ten kayaks along with all necessary complementary goods. Rental of each kayak, along with a helmet, life-jacket and paddle is €10 per hour. Although variable costs for kayak rental are very low, they have increased from €0.50 to €0.60 in the last year.

Kayaking is one of the most popular activities in Slovenia and can be enjoyed by an individual, socially with friends or even as a business event. It is likely to be an unforgettable adventure for tourists to the country and for those wanting to spend a longer time on the river; refreshments can be provided for a lunch break.

Although it started as a club for regular kayak and canoe activities, the idea for the café and kayak rental was presented in a business plan. This has been followed by several successful years in spite of difficulties in forecasting sales due to the global health crisis and changes in economic influences.

Extract D

Interest Rate in Slovenia February – December 2022



Source for use with Section C

Extract E

Freewing Model Technology Co Ltd

Around the world, both adults and children enjoy making and flying remote-controlled model aeroplanes, as a hobby. The aeroplanes vary in size but typically are made to include a number of details to accurately replicate scaled-down versions of the original aeroplane. It is therefore important that the kits from which the models are built are of a high quality.

Freewing Model Technology Co Ltd is based in Dongguan, China. It manufactures kits from which its customers make model aeroplanes. *Freewing* sells beginner, intermediate and advanced kits to customers worldwide and, with over 100 products available, offers one of the largest ranges available anywhere.

Its industrial location, close to Hong Kong, enables *Freewing* to obtain low-cost, high-quality materials from various local suppliers. In order to maintain the provision of the highest quality kits, *Freewing*'s design, development, production and marketing are overseen by a group of enthusiastic and professional aeroplane specialists.

Due to the modern technology used by *Freewing*, the business is able to offer its full range for sale to customers with no delay to shipping. It can manufacture a kit to order, maintaining its short lead-in times. Delivery time is from three to ten days, depending on the location of the customer.

Most kits are sold with a one-year warranty and customers have access to free lifetime technology support. All products have been checked and packaged to meet quality-control requirements. This is an important consideration for customers spending between $200 and over $1 000 per model kit.

Acknowledgements

Extract A adapted from: http://cinematreasures.org/theaters/33859

Extract B adapted from: https://www.statista.com/statistics/238215/cinema-admissions-in-the-uk/ and https://www.economicshelp.org/blog/6693/business/cinema-attendance-in-uk/

Extract C adapted from: https://www.kajak-ljubljana.si/

Extract D adapted from: https://tradingeconomics.com/slovenia/interest-rate

Extract E adapted from: https://www.freewing-model.com/freewing-rc-airplane-manufacturer.html