Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International Advanced Level

Tuesday 14 January 2025

Morning (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 'total costs'. (Extract B, line 8)

(2)

In September 2023, *Adventure Babies*' franchisee, Jennifer, had a total of 198 children in her classes.

(b) Using the data in Extract B, calculate the margin of safety for Jennifer in September 2023. You are advised to show your working.

(4)

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(c) Analyse **two** economic variables that could lead to a reduction in the sales forecasts of an *Adventure Babies'* franchisee, such as Jennifer.

(6)

(d) Discuss the benefits for Jennifer of being an *Adventure Babies'* franchisee.

(8)

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(e) Assess whether Jennifer's mother is a suitable source of finance for her business.

(10)

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(Total for Question 1 = 30 marks)

TOTAL FOR SECTION A = 30 MARKS

SECTION B

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

Write your answers in the spaces provided.

2 (a) Define the term 'batch production'. (Extract C, line 8)

(2)

In March 2023, *Viatour* sold 175 bookings for the *Belmont Estate* tour.

(b) Using the data in Extract C, calculate the total fee paid to *Viatour* for taking these bookings.

(4)

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(c) Analyse **two** reasons why productivity may have improved at the *Belmont Estate*.

(6)

The owners of *Belmont Estate* are thinking of increasing the price of its chocolate bars.

(d) Discuss how increasing the price of *Belmont Estate*'s products may increase its profit.

(8)

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(e) Assess the likely advantages of using labour-intensive production methods, rather than capital-intensive methods, for a business such as *Belmont Estate*.

(10)

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(Total for Question 2 = 30 marks)

TOTAL FOR SECTION B = 30 MARKS

SECTION C

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

Write your answer in the space provided.

3 Evaluate the extent to which the business cycle is likely to affect *Coles*.

(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

Adventure Babies

Adventure Babies is a UK-based business that offers story-reading classes to children up to four years old. The classes focus on making the stories real for the babies and young children. Helped by the use of props* to stimulate the five senses (sight, sound, touch, smell and taste), the class leader (storyteller) reads a book to the children.

The aim of *Adventure Babies* is to help with the child's physical, social and emotional development, as well as starting a love of reading and books.

Adventure Babies was created by Emma Garbett in 2013 and now operates as a franchise. The business currently runs classes in 70 areas across the UK, each with its own class leader (franchisee).

Each franchisee pays £174 per month for the franchise in their local area. In return they receive full training, all the resources needed, ongoing support and help with marketing. The franchisee must pay for the premises used for each class but they have control over where the classes take place.

The price for an *Adventure Babies*' class varies. It is often dependent on the cost of the premises used by the class leader.

***** *Props – items used to support a performance*

Extract B

Jennifer, *Adventure Babies*' franchisee

Jennifer became an *Adventure Babies*' franchisee in 2021. She had previously worked as a primary school teacher but had no experience of running a business. For the first three months, Jennifer's mother gave her the money to pay the fee of £174 per month to the franchisor.

By 2023, Jennifer had established three regular classes in her franchise area. The price was £8.50 for each child.

In September 2023, Jennifer's total costs were £952 per month. These costs were all fixed costs. There were no variable costs.

Source for use with Section B

Extract C

Belmont Estate

Belmont Estate is a plantation established on the Caribbean island of Grenada in the 17th century. Since 2017, its main activity has been chocolate manufacturing.

The 'tree-to-bar' range of organic chocolate is produced from cocoa grown on the 1.6 km^2 plantation. Natural flavours such as mango, banana and ginger are absorbed into the cocoa from crops growing close by, so that *Belmont Estate* can produce chocolate with unique flavours.

Batch production of the chocolate is used and is labour-intensive, from picking the cocoa to wrapping the chocolate bars. Despite the size of the plantation, the production process is well-organised, making it efficient. *Belmont Estate* prides itself on its reputation and the quality of chocolate produced, allowing it to sell at a price of $7.50 for a 55 g chocolate bar.

The owners of *Belmont Estate* offer a happy and positive place to work. The business aims to support the local community by providing employment and preserving the environment. These aims are well-received by visitors who enjoy tours of the plantation, as well as the increasing number of importers of *Belmont Estate*'s chocolate bars, most of whom are in the US.

Tours of *Belmont Estate* are run whenever there is a demand, whether from an individual visitor or a bus full of tourists. The price of a tour is $6.00. It is possible to book a tour through *Belmont Estate*'s own website or through *Viatour*, a tour business. However, if a tour is booked through *Viatour*, it charges 17% of the tour price as a fee for taking the booking.

Sources for use with Section C

Extract D

Coles

Coles is an Australian public limited company that sells food and household items. It began trading in 1914 and now has more than 800 stores across Australia. *Coles* has about 120,000 employees.

In addition to well-known brands, such as *Nestle*, *Kraft Heinz* and *Coca-Cola*, a number of own-brand labels are available at *Coles*, to suit different incomes. 'Coles' is its low-price brand with a range of groceries available. 'Coles Finest' is its premium brand, with a limited range of high-quality products at a higher price. 5

Extract E

Sample of product prices (Australian $) of groceries at *Coles* (September 2023)

Product	'Coles' low-price brand	'Coles Finest' premium brand	Well-known brands
Loaf of bread	2.40	7.00	4.90
Cheese (100 g)	1.05	4.00	3.60
Eggs (12 pack)	3.80	10.00	8.60
Pasta (350 g)	0.65	6.00	2.60
Soft drink (1.25 ml)	1.00	Not available	3.40
Toothpaste (100 g)	1.07	Not available	2.12
Soap (100 g)	0.56	Not available	1.39

Acknowledgements

Extract A adapted from: www.adventurebabies.co.uk/about-us/

Extract C adapted from: https://belmontestategrenada.com/

Extracts D and E adapted from: https://www.coles.com.au/