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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 16 May 2023

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.

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SECTION A

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

Write your answers in the spaces provided.

1 (a) Define the term 'franchising'. (Extract A, line 4)

(2)

(b) Using the data in Extract B, calculate the total variance in sales revenue for the *Żabka* shop for the three months January–March 2022. You are advised to show your working.

(4)

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(c) Analyse **two** possible reasons why the cash a *Żabka* shop holds may differ from its profit.

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(d) Discuss the likely benefits to *Żabka* when the taxation on personal incomes is reduced.

(8)

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(e) Assess the likely benefits to *Żabka* of using a zero based marketing budget.

(10)

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(Total for Question 1 = 30 marks)

TOTAL FOR SECTION A = 30 MARKS

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SECTION B

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

Write your answers in the spaces provided.

2 (a) Define the term 'production'. (Extract D, line 4)

(2)

A machine is used to bring the different parts of a tennis ball together. The machine produces 100 finished tennis balls every eight minutes.

(b) Using the data in Extract D, calculate, to two decimal places, the number of hours required by this machine to supply the 70,000 tennis balls needed by a US Open tournament. You are advised to show your working.

(4)

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Wilson is considering the use of break-even analysis.

(c) Analyse **two** limitations for *Wilson* of using break-even analysis.

(6)

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The currency used in Thailand is the Thai baht (฿).

(d) Discuss whether an appreciation in the Thai baht (฿) will benefit *Wilson*.

(8)

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(e) Assess the possible benefits that capital-intensive production may have on productivity at the *Wilson* factory.

(10)

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(Total for Question 2 = 30 marks)

TOTAL FOR SECTION B = 30 MARKS

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SECTION C

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

Write your answer in the space provided.

3 Evaluate whether sale of assets or retained profit would be more suitable for *Asian Biscuit and Confectionery Ltd* (*ABC*) to help finance the purchase of new production equipment.

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

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Sources for use with Section A

Extract A

Żabka Polska

Żabka is a chain of shops in Poland. The business started in 1998 and now has over 8,000 shops in Poland. Most of these shops are run by people who have paid for one of the franchising opportunities offered by *Żabka*.

As well as selling a variety of groceries, the shops sell hot drinks and snacks that include hot soup and hot sandwiches. It is also possible to send parcels from the shops, saving customers time from having to visit post offices.

More than 15 million Polish consumers live within 500 metres of the nearest *Żabka*. It prides itself on being close to its customers and understanding their needs. *Żabka* shops are developed with customers in mind. The shops are not only in the centre of large cities but in smaller towns too.

Żabka's head office is in Poznań, where the six members of the Management Board are based. They make the decisions for *Żabka*, such as whether to use zero based budgeting for marketing the stores.

Extract B

Sales revenue data in Polish złoty (zł) from a *Żabka* shop January–March 2022

	Jan	Feb	Mar
Budgeted income (zł)	95 000	100 000	100 000
Actual income (zł)	95 752	110 555	95 780

Extract C

Polish Government announces plans for lower income tax

In 2022, the Polish Government announced plans to reduce income tax (the tax paid on personal income from paid and self-employment). It has presented the plans as part of its measures to protect Poles from the economic consequences of higher costs of living.

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Source for use with Section B

Extract D

Game, set and match

Each year, *Wilson* produces 100 million tennis balls at its factory near Bangkok, Thailand. The factory covers an area of 11,000 m^2 and operates 24 hours a day.

Although it looks simple, a tennis ball goes through 24 stages during the production process. These stages include:

- crushing rubber to form a core for the ball
- cutting the core to size
- cutting felt into shapes to wrap around the rubber core
- joining the rubber core and felt shapes using glue.

Rubber used to make the tennis balls is sourced from Thailand, as well as imported from nearby Asian countries such as Vietnam and Malaysia.

Machinery is used for many of the stages but employees are needed to operate the machinery and to carry out some of the more complex and skilful tasks. One of these is wrapping the felt around the rubber core as this is more accurate when done by hand.

Wilson supplies tennis balls to many of the professional tennis tournaments that take place around the world each year. The most tennis balls supplied for a single tournament are for the French Open and the US Open. These tournaments each use 70,000 tennis balls.

Each ball must meet a strict specification, according to weight, size and hardness. The materials must be consistent to meet the requirements of the International Tennis Federation.

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Source for use with Section C

Extract E

***Asian Biscuit and Confectionery Ltd* (*ABC*)**

ABC was established in 2012. It produces the Goodlife brand of biscuits, crackers and sweets at its large factory in Nepal. The factory has fully-automated production facilities and six baking zones, each 76 metres long. It is the largest biscuit factory in Nepal.

Unmatched by other businesses in Nepal, *ABC* prides itself on baking products to the highest quality and the best taste. Goodlife is able to compete with international brands by selling at competitive prices.

ABC aims to attract Nepalese customers away from buying imported biscuits to buying the Goodlife brand. The brand is marketed using the slogan, 'for a good life, have a good bite'. The idea being that it makes the customer think of it as a good and healthy lifestyle brand.

To maximise its potential to achieve this aim, *ABC* believes it needs to invest in new production equipment and advertising. It currently promotes many of its biscuits, such as Goodlife Coconut Cookies and Goodlife Nice Biscuits, via YouTube videos, featuring its slogan. It periodically runs 'lucky draws' for wholesale customers making bulk purchases of Goodlife biscuits.

Acknowledgements

Extract A adapted from: https://www-zabka-pl.translate.goog/o-zabce?_x_tr_sl=pl&_x_tr_tl=en&_x_tr_hl=en&_x_tr_pto=sc

Extract C adapted from: https://notesfrompoland.com/2022/03/25/polish-government-announces-latest-overhaul-of-tax-system-including-lower-income-tax/

Extract D adapted from: https://www.wired.co.uk/article/tennis-ball-factory

Extract E adapted from: www.goodlifebiscuits.com