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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

Monday 13 May 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.

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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 'social media'. (Extract A, line 21)

(2)

(b) Using the data in Extract A, calculate the percentage change in revenue per trip, following Mario's decision to use social media to promote the scheduled services of the *MV Pride*. You are advised to show your working.

(4)

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(c) Analyse **two** reasons why the *MV Pride* could be described as a lifestyle business.

(6)

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The cost of fuel needed to run the *MV Pride* can vary. A friend of Mario's suggested he uses budgeting.

(d) Discuss whether budgeting could be beneficial to Mario when running the *MV Pride*.

(8)

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In August 2022, the *MV Pride* needed some repairs to ensure it could continue to run trips between the two islands.

(e) Assess the benefits to Mario of using an overdraft as a method of finance for the repairs needed on the *MV Pride*.

(10)

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(Total for Question 1 = 30 marks)

TOTAL FOR SECTION A = 30 MARKS

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SECTION B

Read Extracts B and C in the Source Booklet before answering Question 2.

Write your answers in the spaces provided.

2 (a) Define the term 'economic variables'. (Extract B, line 11)

(2)

(b) Using the data in Extract C, calculate to two decimal places, the gross profit margin for *KAL* in the year ended 31 March 2022. You are advised to show your working.

(4)

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Some of the peak time fitness classes operated by *KAL* are often at full capacity, leading to customer complaints.

(c) Analyse **two** ways that *KAL* could reduce capacity utilisation at these classes.

(6)

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UK health and safety legislation affects the running of leisure services, such as public swimming pools, which must be under the constant supervision of trained lifeguards.

(d) Discuss whether health and safety legislation is likely to cause difficulties for *KAL* when trying to decrease its costs.

(8)

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(e) Assess the likely impact on demand for off-peak *KAL* membership if the price is increased from £19.95 per month.

(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 D in the Source Booklet before answering Question 3.

Write your answer in the space provided.

3 Evaluate whether spending on advertising or selling to new markets would be more suitable for *GourmIstra* when trying to increase its profits.

(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 for use with Section A

Extract A

MV Pride

There are around 100 inhabited islands in the Caribbean and the main form of transport between them is by boat. Boat travel between Union Island and Carriacou is only possible by owning or hiring a private boat. The only exception is to travel on the *MV Pride*, owned and captained by Mario Grand.

The *MV Pride* runs a scheduled service for passengers between the two islands, providing a vital connection for the people who live and work in Union Island and Carriacou. It is a small boat, only 12.8 m in length, and can carry a maximum of 10 passengers. The service only runs two days a week, on a Monday and Friday. Mario charges $30 per passenger. The boat carries cargo, so passengers may be sharing the trip with large sacks of vegetables, boxes and crates.

Mario has worked with boats all his life, learning the trade from his family. It is his passion as well as his livelihood. Although Mario offers the *MV Pride* for private hire to those wishing to travel on a day that is not scheduled, he does not spend money on advertising this fact, or on trying to gain market share from competing boat owners. He prefers to spend his days enjoying time on the water with friends when he is not running the boat service.

Mario realised the value of using free services on social media, promoting the *MV Pride*'s scheduled service on Facebook and enabling tourists to ask questions via WhatsApp and email. As a result, the *MV Pride* typically runs at 100% capacity for each trip compared with 80% before he started using social media.

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Sources for use with Section B

Extract B

***Kirklees Active Leisure* (*KAL*)**

KAL is a UK-based charity focusing on the provision of leisure services. It was established by Kirklees Council in 2002. *KAL* operates 12 leisure centres, all of which include several health and fitness facilities. Some have tennis courts, some have football pitches and six have swimming pools.

Off-peak membership costs £19.95 per month to use the facilities at less busy times and £29.95 per month at peak times, when demand is highest. It includes access to all health and leisure facilities, fitness classes and swimming pools. *KAL* has a high number of members so many of its peak time classes are full each week, leading to complaints from members.

Following the global health crisis and changes in economic variables, such as increased energy costs, *KAL* has been under considerable financial pressure. At the end of 2022, it was decided that *KAL*'s costs could only be reduced significantly by temporary reductions in the number of facilities operated. Two of the swimming pools and two of the leisure centres were closed completely during the winter of 2022/23. However, one of the pools closed was used by a number of local schools and re-opened in early 2023.

Members were consulted on ideas to decrease costs and/or increase revenue. These included raising the monthly membership fee, reducing opening times of facilities, increasing the number of volunteers instead of paid employees and reducing the temperature of the swimming pools.

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Extract C

Selected information from *KAL*'s statement of comprehensive income for the year ended 31 March 2022

	£ 000s
Membership fees	9 721
Funding	4 542
Total revenue	14 263
Employee costs	8 761
Other costs (including energy bills)	5 368
Total expenses	14 129
Gross profit	134

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Source for use with Section C

Extract D

***GourmIstra* – Gourmet* products from the Istra region**

Mattia owns a boutique shop in the coastal town of Piran, Slovenia. He decided upon the name *GourmIstra* by combining the name of the local region, Istra, with the gourmet products he sells. Mattia is very knowledgeable and passionate about the products he sells. The products are all sourced from within 20 km of the shop in the Istra region.

The product range includes olives, olive oil, jam, vinegar and cheese. One of *GourmIstra*'s main advantages is that potential customers can try anything before buying it. There is no pressure; if you are unsure or do not like something you taste, there is no need to buy anything.

Some of the products are available at a cheaper price in other shops. However, many customers say the tasting experience, the shop's location and Mattia's expertise mean they are happy to shop at *GourmIstra*, despite the higher prices.

Piran is a picturesque, medieval town, with an estimated population of 3,730. However, this number rises considerably for much of the year due to the many domestic and foreign tourists attracted to the region. It is the second most expensive place to live in Slovenia, with the cost of living per person in excess of €1 000 each month.

The cost of renting shop space in the busy tourist area of the town is expensive for Mattia and he is very reliant on tourists for his custom. Without these sales, *GourmIstra* could not have continued its successful operation but Mattia is considering ways to increase the profit of the business.

Social media is filled with positive feedback about *GourmIstra*, with quotes such as:

- Amazing experience which increased our enjoyment of our visit to Piran
- Great selection of gifts but left us with the problem of what to choose
- I need to visit again – I cannot carry everything in my limited luggage space
- Superior quality products. I wish they could be delivered to me at home.

**Gourmet food products are made using high quality ingredients.*

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Extract D adapted from: https://livingcost.org/cost/slovenia/piran