

Pearson Edexcel International Advanced Level

Time 2 hours

Paper
reference

WBS12/01

Business

International Advanced Subsidiary
UNIT 2: Managing business activities

Source Booklet

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Sources for use with Section A

Extract A

R B Rustico

R B Rustico is a small company that makes outdoor furniture at its factory in Italy. Its products include chairs and tables for use in gardens all over Italy. Instead of using plastic or metal, *R B Rustico* furniture is only made from high-quality wood. This allows the business to target customers who are looking for a specific design for their gardens rather than simply 'something to sit on'.

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The furniture is made using cell production at its factory near Naples. One cell makes single chairs and seating for two or three people. A separate cell makes tables and picnic tables. More recently, a new cell was created to make archways.

Each cell focuses on all aspects of production of a specific product, such as cutting and shaping the wood, assembling the furniture and treating the products with weather-resistant paint. The furniture is delivered directly to customers on a specified day. This is helped by the factory's convenient location close to a major road network.

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Extract B

Selected information from the statement of comprehensive income for *R B Rustico*, year ending 31 December 2019

	2019 (€)	2018 (€)
Revenue	498 700	461 000
Cost of sales	372 600	341 000
Gross profit	126 100	120 000
Selling expenses	58 200	55 300
Other operating expenses	17 300	17 650
Operating profit	50 600	47 050
Finance costs	8 800	7 900
Profit for the year (net profit)	41 800	39 150

Sources for use with Section B

Extract C

Cruise & Go

A cruise is a type of holiday where people travel on a ship for pleasure, stopping at a number of locations. *Cruise & Go* is an idea for a business being developed by a Dutch couple, Anika and Hans. The idea came about when they realised there was an opportunity to take advantage of the growing popularity of budget cruise holidays. 5

Anika and Hans have taken several budget cruise holidays over the last 10 years and have found a wide variety of activities they can enjoy when they visit different places. However, the couple have sometimes found it difficult to plan their own activities because of the short time the ship stays at each location.

"The cruise operators organise activities at each place but these are really expensive," said Anika, "and we like to do something a bit different. So, I thought that it would be easier if passengers could plan their own alternative activities in advance." 10

Cruise passengers will be able to download the *Cruise & Go* app to their mobile phones. This will enable passengers to plan and book their own activities and day trips before they stop at a location. Passengers will book and pay for activities using the app. Anika and Hans will receive a percentage of this payment for putting the passengers in touch with the organisers of the activities. 15

Anika and Hans have carried out market research for *Cruise & Go*, prepared a business plan to set up a partnership and intend to apply for copyright. *Cruise & Go* will trade in euros (€) but hopes to attract some of its custom from the UK. 20

Extract D

Average number of euros (€) per GBP (£) in 2018–2020

	2018	2019	2020
£1 to euros (€)	£1 = €1.13	£1 = €1.14	£1 = €1.12

Source for use with Section C

Extract E

Royal Oven

Royal Oven Ltd makes bread and cakes. It started as a partnership in 2008, with one shop in Dar es Salaam, Tanzania. It has since expanded and the partners decided to form a company. Today, *Royal Oven* is recognised as a high-quality brand name for bread and cakes.

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The business now has 10 shops in Dar es Salaam and 3 in Mwanza. It intends to expand its business by opening more shops throughout Tanzania. Despite the number of other bakeries, demand for *Royal Oven* products continues to grow.

It has the vision of becoming a nationally recognised, modern retail bakery. It aims to present good value, high-quality products in its range of bread and cakes and to uphold its competitive advantage in quality, hygiene and customer service.

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Acknowledgements

Extract E adapted from: <https://royaloven.co.tz/>