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 October 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 'market share'. (Extract A, line 11)

(2)

(b) Using the data in Extract B, explain **one** reason why the level of experience of an accountant in Florida may affect the profitability of an accountancy business.

(4)

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(c) Analyse **two** ways that customers of accountancy businesses may be affected by competition policy.

(6)

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Levine is considering using factoring.

(d) Discuss whether this is a suitable way to improve liquidity for *Levine*.

(8)

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(e) Assess whether increased employee motivation is likely to be the most effective way to increase productivity for *Levine*.

(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 'efficiency'. (Extract C, line 6)

(2)

(b) Using the data in Extract D, calculate to **two** decimal places, the current ratio for *smol* on the 30th June 2022. You are advised to show your working.

(4)

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(c) Analyse **two** non-financial motives that Paula Quazi and Nick Green may have had for setting up *smol*.

(6)

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(d) Discuss whether the use of lean production will always lead to a competitive advantage for *smol*.

(8)

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(e) Assess the extent to which share capital is likely to be the most appropriate method of finance for the growth of a private limited company, such a*s smol*.

(10)

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(Total for Question 2 = 30 marks)

TOTAL FOR SECTION B = 30 MARKS

SECTION C

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

Write your answer in the space provided.

3 Khalil wants to increase the number of customers taking lessons with his driving school.

Using the data in Extracts E and F, evaluate whether offering discounts to customers is likely to be the most successful way for Khalil to increase the monthly sales volume of his driving school.

(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

Jack Levine Accountants (Levine)

Levine is an accountancy business located in the state of Florida in the US. Established in 1984, it has grown into one of the most respected businesses in the area. This is important because there are over 18,500 qualified accountants in the state of Florida. Legislation prevents large accountancy businesses from merging, to maintain a high level of competition.

The accountants at *Levine* offer a high-quality service that helps customers with their finance and taxation. They aim to save customers time and money, as well as to ensure that all work dealing with sensitive financial information is kept secure.

Customers are allowed up to 90 days to pay after completion of the work provided by the business. This has helped *Levine* increase its customer base by taking market share from competitors. However, it is likely to affect cash flow.

Reviews of *Levine*'s service often state that its accountants appear to be happy in their work and are focused on doing their best to help the customers.

Extract B

The table below shows the average hourly fees (prices) charged to customers and the average hourly wages paid to junior and senior accountants in the Florida area in 2024.

Junior accountant hourly fee	Junior accountant hourly wage	Senior accountant hourly fee	Senior accountant hourly wage
$120.00	$19.28	$220.00	$41.25

Sources for use with SECTION B

Extract C

smol

smol is a UK-based private limited company (ltd) that produces and sells laundry, washing and cleaning products. It was started in 2018 by Paula Quazi and Nick Green, former employees of a multinational public limited company (plc), *Unilever*, which is now one of *smol*'s main competitors.

smol uses lean production to achieve efficiency. It sells quality products which are environmentally-friendly and its packaging is made from sustainable material. The products are conveniently delivered to the customer's home at a competitive price. Customers typically set up a subscription for repeat purchases of *smol* products, which are only available via the *smol* website.

Customers can try *smol*'s products by requesting a free 'starter pack' but they pay a small charge to cover postage. The starter pack contains a reusable bottle for liquids, such as for cleaning spray, washing-up liquid or fabric conditioner. The bottles are made using 100% recycled plastic and can easily be refilled.

Extract D

Selected information for *smol* from the 30th June 2022 statement of financial position (balance sheet)

	£
Current assets	24 208 500
Total assets	24 799 774
Current liabilities	2 740 336

Sources for use with SECTION C

Extract E

Learn to drive

In 2022, Khalil started his own driving school in Tunis, Tunisia. He has created a good reputation for offering a friendly, competitive service and his driving school achieves a high pass rate for his learner drivers.

Khalil charges 40 Tunisian dinar (TND) for each one-hour lesson. Many of his customers are students at the nearby Carthage University.

Before starting his driving school, Khalil worked as a taxi driver, often working through the night. He decided to change occupations after the birth of his twins, to spend more time at home helping his wife, Yasmine, with their family. Yasmine manages the finances of the driving school as well as booking lessons for the customers.

Khalil wants to increase the number of customers taking lessons with his driving school and is considering several options. One option is to offer discounts to customers who refer a friend for lessons and to those who prepay for 10 lessons. Other options are to pay for advertising or to expand his service area outside Tunis.

Extract F

Table to show the total number of driving lessons given by Khalil each month, January–March 2024

January	February	March
85	77	81

Acknowledgements

Extract A adapted from: https://www.jacklevinecpa.com

Extract B adapted from: https://www.indeed.com/career/accountant/salaries and https://www.promatcher.com/accountants/accounting-costs-prices-florida

Extract C adapted from: https://www.eu-startups.com/2021/05/british-startup-smol-an-eco-homecare-brand-raises-e27-9-million-to-continue-expanding-in-new-markets/

Extract D adapted from: https://find-and-update.company-information.service.gov.uk/company/10626548/filing-history