www.dynamicpapers.com

Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International GCSE

Time 1 hour 30 minutes

Paper reference **4BS1/02**

Business

PAPER 2: Investigating large businesses

You do not need any other materials.

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.
- 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 ▶

P69551A

©2022 Pearson Education Ltd.

Q:1/1/1/1/1

P 6 9 5 5 1 A 0 1 2 0

Pearson

www.dynamicpapers.com

FORMULAE FOR INTERNATIONAL GCSE BUSINESS

Gross profit margin:

Gross profit = revenue – cost of sales

$$\text{Gross profit margin} = \frac{\text{gross profit}}{\text{revenue}} \times 100$$

Operating profit margin:

Operating profit = gross profit – other operating expenses

$$\text{Operating profit margin} = \frac{\text{operating profit}}{\text{revenue}} \times 100$$

Markup:

$$\text{Markup} = \frac{\text{profit per item}}{\text{cost per item}} \times 100$$

Return on capital employed (ROCE):

$$\text{ROCE} = \frac{\text{operating profit}}{\text{capital employed}} \times 100$$

Current ratio:

$$\text{Current ratio} = \frac{\text{current assets}}{\text{current liabilities}}$$

Acid test ratio:

$$\text{Acid test ratio} = \frac{\text{current assets} - \text{inventory}}{\text{current liabilities}}$$

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

1 The *LEGO* Group is a privately-owned business in Denmark. The business was founded in 1932 by the Kristiansen family. The family still owns it. The name *LEGO* is an abbreviation of two Danish words, 'leg godt' which means 'play well'. It is now one of the world's largest manufacturers of toys with 15 factories and over 18,000 employees around the world.

LEGO manufactures toys, games and art materials for boys and girls of all ages, and products from films such as Star Wars and Harry Potter. It believes that children are the role models of the future and playing with *LEGO* can support children in a developing and complex world.

(a) (i) Which **one** of the following shows money coming in and money going out of a business?

Select **one** answer.

(1)

☒ **A** A mortgage

☒ **B** Break-even

☒ **C** Cash flow

☒ **D** Profit and loss

(ii) Which **one** of the following could a person complete when applying for a job?

Select **one** answer.

(1)

☒ **A** Application form

☒ **B** Shortlisting

☒ **C** Job description

☒ **D** Person specification

www.dynamicpapers.com

Figure 1 shows financial information for one of *LEGO*'s suppliers in Danish Krone (DKK).

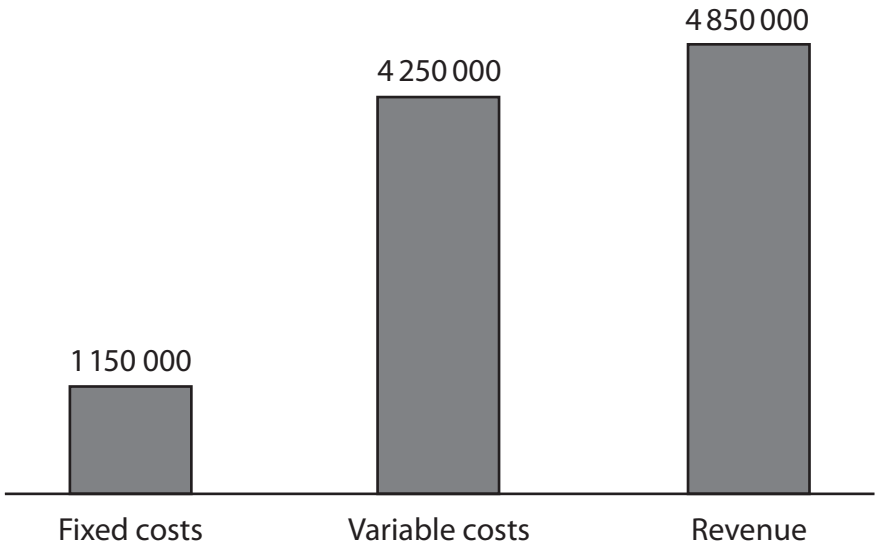


Figure 1

(iii) Which **one** of the following is the correct statement?

Select **one** answer.

(1)

☒ **A** Total costs of 10 250 000

☒ **B** Cash inflow of 3 100 000

☒ **C** Loss of 550 000

☒ **D** Profit of 600 000

(iv) Which **one** of the following is a benefit of being a franchisee?

Select **one** answer.

(1)

☒ **A** Being able to choose your own suppliers

☒ **B** Selling an established brand

☒ **C** Not having to pay interest on a bank loan

☒ **D** Having complete control of the business

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

LEGO's revenue in 2019 was 38.5 billion DKK. In 2020 it was 40.81 billion DKK.

(v) Which **one** of the following is the percentage increase from 2019 to 2020?

Select **one** answer.

(1)

- ☒ **A** 0.06%
- ☒ **B** 1.06%
- ☒ **C** 2.31%
- ☒ **D** 6%

(vi) Which **one** of the following functional areas could help employees who had a problem with their wage?

Select **one** answer.

(1)

- ☒ **A** Production
- ☒ **B** Finance
- ☒ **C** Marketing
- ☒ **D** Sales

(b) Define the term **break-even**.

(1)

(c) Define the term **public corporation**.

(1)

(d) State **one** benefit for *LEGO* of having a short span of control.

(1)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

LEGO sells pineapple pencil holders for 148.00 DKK. The markup is 15%.

(e) Calculate, to two decimal places, the cost of making the pineapple pencil holders.
You are advised to show your working.

(2)

..... DKK

(f) Explain **one** disadvantage of using questionnaires as a method of market research.

(3)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

(g) Analyse the benefits for *LEGO* of being a multinational business.

(6)

(Total for Question 1 = 20 marks)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

2 All 18,000 *LEGO* employees are full-time.

(a) State **one** financial objective for *LEGO*.

(1)

(b) State **one** possible reason why *LEGO* does not recruit casual employees.

(1)

(c) Explain **one** reason why a business would pay its employees above the minimum wage.

(3)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(d) Explain **one** reason why product trials are important to a business.

(3)

(e) Explain **one** reason why a business complies with health and safety legislation.

(3)

www.dynamicpapers.com

LEGO is constantly introducing new toys to the market to keep its customers buying. It is planning to introduce a new Star Wars Princess Leia toy. It is considering the following two pricing strategies to launch the toy.

Option 1: cost plus

Option 2: skimming.

(f) Justify which **one** of these two options *LEGO* should choose.

(9)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

(Total for Question 2 = 20 marks)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

3 *LEGO* ensures its employees are fully prepared to carry out the tasks they are employed for. It looks after and encourages its employees to develop and improve their own skills.

(a) Define the term **delegation**.

(1)

.....

.....

.....

(b) Outline **one** benefit to *LEGO* of being a privately-owned family business.

(2)

.....

.....

.....

.....

.....

.....

An employee working in the offices earns 150 000 DKK. In 2020 *LEGO* gave its employees a 4.5% pay increase.

(c) Calculate the employee's new salary. You are advised to show your working.

(2)

..... DKK

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

(d) Analyse how *LEGO* could use a Statement of Comprehensive Income when considering the development of new toys.

(6)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

Ensuring that all employees are fully trained is important to *LEGO*. *LEGO* makes sure that all employees are fully trained and skilled to carry out the work. All employees have induction training when they start at *LEGO*. Additional training is undertaken by employees as they progress through the business. *LEGO* is considering the following two options to carry out this additional training.

Option 1: on-the-job training

Option 2: off-the-job training.

(e) Justify which **one** of these two options *LEGO* should choose.

(9)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

(Total for Question 3 = 20 marks)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

4 In 2019 *LEGO* had current assets of 34 946 million DKK and current liabilities of 12 763 million DKK.

(a) Calculate, to two decimal places, the current ratio in 2019. You are advised to show your working.

(2)

.....

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

Quality has always been one of *LEGO*'s main values. It wants everything that it makes and sells to be the best so its toys can help children learn and develop. It has a motto that 'only the best is good enough'. The founder of *LEGO* set a company rule that 'No one must be able to do this, better than us'. He also stated that he wanted 'only the best people that money could buy' to work at the business.

(b) Analyse the benefits to *LEGO* of increasing the use of robotics in the manufacture of toys and games.

(6)

www.dynamicpapers.com

LEGO has progressed from a small carpenter's shop to a global enterprise and has been named 'Toy of the Century' twice.

(c) Evaluate how *LEGO* has maintained a competitive advantage in the making of toys and games. You should use the information provided as well as your own knowledge of business.

(12)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

www.dynamicpapers.com

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

BLANK PAGE

Source:

https://www.lego.com/cdn/cs/aboutus/assets/blt55a9aaa4253b2fa5/Annual_Report_2019_ENG.pdf.pdf