



Examiners' Report June 2022

International GCSE Business 4BS1 02

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Introduction

Candidates appeared to have found the paper accessible and were able to complete the paper in the given time. For the majority of the questions candidates were well prepared and were able to apply their knowledge, analyse and evaluate to answer the questions. However, as in previous series a number of candidates are still struggling with the 'State' and 'Outline' questions.

Many candidates had gained a great deal of business understanding from studying the course and this was apparent in the responses given. However, there are a number of candidates who are answering the questions detailing their knowledge of the topic without consideration of what the question is asking. An 'Analyse' questions is looking for application and analysis, where as a 'Justify' question is looking for application analysis and evaluation. This does restrict the candidates access to the full range of marks available. The scenario of LEGO, a real life business, perhaps interested the candidates and is a business that they may be aware of meant that they were able to relate their comments to the business.

It is also worth remembering that questions can be taken from any part of the specification, therefore candidates should ensure that all sections are covered so that they do not disadvantage themselves. From the clips seen it appeared that some candidates had not covered the full specification.

Question 1 (b)

This question proved to be more difficult for some candidates to answer, by not being able to define that the term break-even actually meant. Only a small proportion of the candidates gained the mark available. A number responses seen mentioned 'the point at which profit meets costs' which is a not a definition of the term. Candidates must ensure that they are giving a true definition of the term.

Candidates should also be careful to try and avoid using the term in their response, this helps to ensure that they have answered the question asked.

It is worth practising these questions to allow candidates to understand the difference between a definition and an explanation of the term.

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

(1)

Break even analysis is ~~not~~ the analysis of how many goods are needed to be produced to meet the break even point.



This response shows that the candidate is trying to explain what break-even is but it is not giving a definition.



Aim to be specific in your response – is the response a definition or an explanation?

0 mark awarded

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

(1)

~~It happens when there is not profit nor loss.~~
It is the point where revenue and expenses
are the same, which results in not profit nor loss.



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Examiner Comments

A clear definition of the term break-even.

1 mark awarded

Question 1 (c)

Another define question where candidates were asked to define 'Public Corporation'. This question was answered slightly better by candidates than question 1b. As mentioned candidates should try and avoid using the words in the definition in their response. Defining public corporation as a public business is not clear and a specific definition.

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

(1)

Public Corporation are business that owned by the state and their aim is not to make profit.



The response given clearly shows an understanding of what a public corporation is and its purpose.

1 mark



Putting the term 'Public Corporation' at the beginning of the response is not needed, but may help to develop a response.

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

(1)

Serves the States without
fin thinking concerned by about
financial objective.



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Examiner Comments

This response did not gain the mark available as it does not give a clear definition of 'Public Corporation'.



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Examiner Tip

It is worth re-reading the response to check that you have answered the question.

Question 1 (d)

The first of the 'State' questions, where candidates must relate their response to the business on the benefit of having a short span of control. As in previous series many candidates will give a correct answer, however it will not be in context of LEGO and therefore will not gain the mark available. Just putting LEGO in the response does not mean it is in context as LEGO is in the question.

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

(1)

One benefit of having a short span of control is that decisions are passed down more accurately and organised.



ResultsPlus
Examiner Comments

Although the response is identifying what a short span of control is accurately. It is not in the context of LEGO and therefore does not gain the mark.

0 mark.

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

(1)

Control will be easier for LEGO as number of members are less.



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Examiner Comments

The response does not give a benefit of a short span of control. Therefore no mark awarded.

0 mark

Question 1 (e)

In this question candidates should be encouraged to show their workings as on all calculation questions, as they could gain a mark for the working, even if the actual answer written in the box is incorrect. Candidates should also be encouraged to ensure that they write their answer on the dotted lines at the bottom of the box so that the examiners are clear as to what their answer is. Again it is also worth reiterating to candidates that they should take care to ensure that their figures are easily recognisable, to avoid any confusion by the examiner.

This question was well answered by candidates and the majority were able to gain the two marks available.

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)

$$= 148.00 \times \frac{15}{100}$$

$$= 22.2$$

22.2

DKK



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Examiner Comments

The candidate has only completed the first part of the calculation and worked out the actual cost of the markup. Not the cost of making the pineapple pencil holders.



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Examiner Tip

It is important to read the question at least twice before attempting it to ensure that correct answer is obtained.

1 mark

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)

$$\begin{aligned} 148.00 \times 0.15 \\ = 22.2 \\ 148 - 22.2 \\ = 125.8 \end{aligned}$$

.....125.8..... DKK



The candidate has clearly answered the question, but has failed to follow the instructions of calculating the answer to two decimal places.

Hence only gaining 1 mark.

1 mark

Question 1 (f)

This question is the first of the 'Explain' questions. The question requires candidates to 'Explain **one** disadvantage...' Many candidates misread disadvantage for advantage and gave detailed account of the benefits of using questionnaires as a method of market research. Candidates must then develop their answers to gain the full 3 marks available. Most of candidates were able to give a disadvantage but very few gained the full marks available for the question. Candidates are reminded that the question asked for one disadvantage not several disadvantages. For some candidates there was confusion over what questionnaires were.

When practising these questions please ensure that the candidates have clearly read the question before they answer. Thus ensuring they are answering what is asked.

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

(3)

A disadvantage of using questionnaires as a method of market research could be that customers might ~~be~~ not be saying the truth which could cause a misunderstanding and ending up creating a product which people don't want.



This response was typical of many candidates for this question. Firstly, the candidate wastes time by repeating the question in the first sentence. However, the comment about customers not telling the truth is a valid response and this is further developed by commenting that this could cause a misunderstanding and could end up creating a product people do not want.

3 marks



Do not repeat the question in your answer. It wastes time.

Respond carefully to the question, do not repeat statements that do not specifically answer the question.

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

IT IS OPEN FOR EVERYONE (3) SO CUSTOMERS

ONE DISADVANTAGE COULD BE THAT PEOPLE
THAT SUPPORT OTHER BRANDS MAY LIE AT
THE MOMENT OF GIVING A FEEDBACK TO THE
BUSINESS WHICH ~~CAUSES~~ IS SOMETHING THAT COULD
~~AFF~~ NEGATIVELY AFFECT THEM BUSINESS AS THEY WILL
NOT BE ABLE TO CLEARLY UNDERSTAND WHAT PEOPLE.



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Examiner Comments

This response gives a disadvantage in a slightly different way. The comment about supporting other brands could be very relevant when answering questionnaires, and the reason why the customer would not give the correct feedback is relevant. However they did not develop the response further to gain the full marks.

2 marks



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Examiner Tip

Questions that ask to explain an advantage or disadvantage need a different technique to those that ask candidates to explain a method or way.

Question 1 (g)

'Analyse' questions are testing two of the Assessment Objectives, or AO's. Namely AO2 which is 'Application' and AO3 which is 'Analysis'. Thus, to be successful, candidates need to demonstrate both of these skills within their answer.

This is the first question in the paper which is marked by Levels. Candidates were asked to 'Analyse' the benefits for LEGO of being a multinational business. To gain the marks available candidates needed to apply the information and then analyse. Unfortunately, candidates tended to describe what a multinational business was and not relate it back to LEGO. Most candidates gained a Level 2 mark.

Examiners will look at the response 'holistically', have they applied their knowledge to the scenario and have they analysed the information, they will then make a decision as to where the response 'best fits' into the Levels.

Candidates must be aware that there are no marks available for knowledge, and that the response must be in context of LEGO.

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

(6)

When Lego is a multinational there are some benefits. Multinationals operate in more than one country therefore Lego will be able to have more customers as a result more profit can be earned. Also due to multinational Lego will be able to get more brand reputation therefore Lego will be able to survive in the market for long time. When Lego operates as a multinational Lego will be able to skillful labours and cheaper labours therefore quality products will be produced and Lego will have increased consumer loyalty. Also when Lego operates as a MNC it can get access to advance technology therefore quality production and Lego will be benefited.



This response clearly understands the benefits of LEGO being a multinational business, the reference to business operating in more than one country and gaining more customers is relevant. The reference again to being a multinational business allows it the opportunity of having a wider choice of skillful employees. This shows that there is sound application of knowledge and business understanding. The response then further develops the points already made by gaining customer loyalty throughout the countries.

Level 3 – 5 marks



Recognise what 'Assessment Objectives' each command word is designed to test, this particular questions is testing AO2 (Application), and AO3 (Analysis) unless there is evidence of both these skills within the response, you are limiting your score.

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

(6)

Firstly LEGO will have access to a larger market. This is because they can sell their Harry Potter legos to many kids, girls, boys, teens around the world. Therefore will increase consumer base. As a result increases sales of the products. Hence gives LEGO a competitive edge over other rivals in the lego and toy market.

Secondly LEGO can purchase its ~~plastic~~ raw materials like plastic, ^{to make the lego pieces} for a cheaper price. This is because LEGO can purchase it in bulk from the developing countries getting a trade discount. Therefore this will reduce the costs of the lego toy. Hence can sell the toy for a cheaper price. As a result will grab the attention of ~~potential~~ potential consumers.



This response shows sound application of knowledge and understanding of business concepts. The reference to selling toys and having a competitive edge over other rivals in the toy market is relevant, but not further developed as to how being a multinational could further enhance the selling of toys.

The second paragraph with reference to purchasing of raw materials and making large purchases again is a benefit of a multinational business and again clearly shows sound knowledge.

To gain the higher level the candidate needed to develop further the comments made and give interconnected points.

Level 2 – 4 marks

Question 2 (a)

Another 'State' question where candidates were asked to state one financial objective for LEGO. 'State' questions are AO2 (Application) hence there must be some evidence of application or context within the response. Again, as mentioned previously candidates were able to give one financial objective but not in the context of LEGO and therefore did not gain the mark.

it is well worth practising these types of questions to ensure that candidates fully understand what is required.

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

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

(1) *

Higher profit. LEGO may want high profits for them so they can expand more.



Information is correct of wanting a higher profit so that they can expand but it is not in the context of LEGO and using the word LEGO is the response is not in context as it is in the question.

0 mark

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

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

(1)

One financial objective for Lego is to gain profit.



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Examiner Comments

Again the candidate has mentioned profit as a financial objective but it is not in context and therefore no mark was awarded. If the candidate had mentioned increase the profit from sales of Princess Leia toy that would have put the response in context and be worthy of a mark.

0 mark



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Examiner Tip

If the question refers to a specific business then context must be included in the answer – even for a one mark question.

Question 2 (b)

Another 'State' question where candidates were asked to state why LEGO would not recruit casual employees. 'State' questions are AO2 (Application) hence there must be some evidence of application or context within the response. Again, as mentioned previously candidates were able to give a very valid reason for not employing casual employees but not in the context of LEGO and therefore did not gain the mark.

it is well worth practising these types of questions to ensure that candidates fully understand what is required.

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

(1)

LEGO might not recruit casual employees as they want regular employees who work regular shifts.



The candidate has made a very valid point that they want employees who will work a regular shift but there is no mention of LEGO or the effect on LEGO. Therefore no mark was awarded. To have put the response in context they could have included something along the lines of casual employees might not be able to meet the standards of producing LEGO pineapple pencil holders.

0 mark

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

(1)

One reason could be because casual employees are not committed to the job and might destroy LEGO's reputation on making toy toys.



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Examiner Comments

This response gained the mark available by referring to the manufacture of toys and the effect of employees not being committed would ruin the reputation of LEGO.

1 mark

Question 2 (c)

An explain question which does **not** have to be in context of LEGO. The Assessment Objective being tested is AO1 (knowledge). Candidates were asked to give one reason and one reason only, why a business would pay its employees above the minimum wage. This was a straightforward question and quite a number of candidates were able to gain the marks available. However for those candidates that did not get the full allocation of marks this might be because they gave more than one reason. Again care should be taken to ensure that the question is thoroughly understood and it is advisable to read it through at least twice before attempting to answer.

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

(3)

Paying employees above the minimum wage will make employees more motivated. This means workers will do tasks with a higher quality as they're more willing to be productive to achieve getting more money. Leaving their business more, successful and financially stable.



The candidate clearly understood the question and gave one reason why a business would pay its employees above the minimum wage with justification.

3 marks

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

(3)

Since employees are ^{working} full time #LEGO is their only source of income. This means that if they are not paid enough they will be unmotivated and will not produce products good enough for customers.



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Examiner Comments

The candidate has understood the importance of paying staff the minimum wage. The response did not need to be referred back to LEGO and there is no negative marking.

Reference to not being paid sufficiently and make them unmotivated, which is relevant and then this comment is developed by they will not produce products good enough is the development.

2 marks

Question 2 (d)

Another 'Explain' question which requires knowledge and does not need to be in context. The question asked for one reason why product trials are important to a business. Most candidates understood the reasons why a business would have product trials but then did not develop their answers to gain the full marks available.

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

(3)

One reason why product trials are important to a business because, firms would be able to check if there is a high demand for the product so that when they launch nationally / globally they would have demand and increase revenue to the business. else, a product not tested may fail and would be a cost to the firm and may also ruin the brand reputation.



The response includes one reason why businesses would have product trials, however they have repeated the question in their response which does waste time, especially if they did it for each question on the paper. The comment is then further developed by understanding that if there was a high demand for the product they could sell it globally and then final point about if it was not tested it could fail.

3 marks

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

(3)

Product trials are very important to a business, because the business need to know if there is any probt problems to the product before introducing it to the customers for the example the product could have quite glitches example realising a phone the business would need to know if the product has any lags and bugs..so that they can improve on it before selling it to the customers.



Most responses seen referenced that businesses want to see if the product actually works or not, but then did not develop their response to gain the marks available, which is a pity.

The response given here clearly understands that if there was a problem with the product this could be addressed by the business before manufacturing and selling to customers.

3 marks

Question 2 (e)

This question was not as well answered as anticipated, many candidates understood why health and safety is important but then did not develop the reason given. As with the previous questions it is an 'Explain' question which requires knowledge and does not have to be in context. Most responses included mentioning that they did not want an accident to happen, which is relevant but they could have then continued with the reasons why they did not want an accident to happen, such as the problems of dealing with the accident, the bad publicity for the business, the cost of sorting the treatment out could have been included.

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

(3)

Businesses ^{may} ~~comply~~^y with health and safety legislation to avoid any complications that may damage the Business image and reputation. IF ^a ~~a~~ business ~~causes~~ any harm to consumers or its employees they may get sue or pay fine or even shut down their business. This would cause huge losses to the business, so complying with health and safety legislation would help prevent it.



A good example which shows that the candidate fully understood the reasons why a business does comply with health and safety. Referring to harming the employees and if the employee sued the business the fine could be expensive which in turn could close the business down.

3 marks

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

(3)

Business will comply with health and safety legislations to protect it's employees. There might be chances where the employees will be at a risk of being injured. So it will be helpful to a business to comply with health and safety legislation. As a result, a business will have a good image due to the safety measures.



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This response gives a reason of protecting the employees if they are at risk so that the business gains a good image due to the fact that they are looking after their staff.

3 marks

Question 2 (f)

The first question where candidates have to choose between the two pricing strategies. Most candidates understood that they had to justify why they had chosen one option as opposed to the other. Candidates should be careful to avoid giving detailed knowledge of the two options available as there are no knowledge marks for this question.

The 'Justify' questions are marked in the same way as the 'Analyse' questions, but candidates now have to include 'Evaluative' (Assessment Objective 4) comments. It is marked to Levels the same as 'Analyse' questions. Candidates do not have to consider both options in their response. Candidates can achieve the full marks only considering the one option.

There were a number of candidates who did not achieve any marks on this question, that some gave very detailed knowledge of the two types of pricing strategies which was not asked for. There were also a number of candidates who confused the two pricing strategies which also meant that they did not gain the marks available.

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 — ensure revenue —
— doesn't see market/external factors?

Option 2: skimming. — ensure revenue — 15% customers want 1st buy
— price too high for other customers.

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

(9)

Cost plus pricing ensures a ^{Profit} revenue coming in from selling toys. LEGO can choose this mark up and how much profit they want to make per toy or game. However, this pricing strategy does not take into account external factors such as toy competitors. If rivals saw the price of a toy similar to theirs, it may start a price war.

Skimming also ensures a profit made instantly. It targets the wealthy to begin with and once they drop their price, any one can be a customer. However, the price may be too high for a lot of people, and only a few buy at the high price.

Overall, I think lego should choose option 2 because around 15% of customers are willing to pay the initial high price for new released toys



The response has a clear understanding of the two types of pricing strategies and how this could affect LEGO when introducing a new toy. A relevant comment is made about each method which shows sound application of knowledge and understanding. However, there are limited interconnected points and any chains of reasoning. Hence gaining a Level 2 mark. Perhaps if only one pricing method was considered and developed this could have moved into a Level 3 response.

4 marks



Candidates should be encouraged to write effective conclusions when answering a 'justify' question. It allows them to gain the AO4 marks available.

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)

By Lego using cost plus pricing method on their new Princess Leia toy will have many advantages. Cost plus pricing in the new toy will add up to the price the cost of the production of that toy. So profits will be increased by this pricing strategy of the new toy. But as an amount of money have risen the price of that toy, the toy will be less competitive in the toys market. As a result sales of the Lego could decrease.

By Lego using skimming pricing on the new toy can be a good idea as it means that price of the toy will be high in the release but in a couple of months the price of the toy will be lowered. The advantage of this is that in the release of the toy people will have the hype of the brand new toy so they will buy it without looking so much to the price. Profit of Lego will be increased. Disadvantage is that the price of the toy could be too high to people at the start.

LEGO should choose skimming as when a couple of months passes the price of the toy will be lowered, which means it will be more competitive. In the other hand cost plus pricing in the toy will always stay the same.



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Examiner Comments

Even though the response makes comments on both types of pricing strategies there is development in each one and reasons why LEGO would use that method. Conclusions are drawn as to which one would be the most suitable and with reasons given.

Level 3 – 9 marks

Question 3 (a)

Another 'Define' question where candidates are asked to define the term 'delegation'. This question was not answered at all well by the candidates. Many did not understand fully what the term actually meant, some referred it to sharing of work and responsibility, others mentioned it was giving out tasks to people. Some candidates used the phrase 'to delegate tasks'. As mentioned previously using the word in the response from the question will not gain a mark.

- 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)

delegation is when an ~~business~~ employee gets picked for a specific job



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Examiner Comments

The comment made is quite a valid comment but does not define the term and there is no mention that delegation is the passing down of responsibility.

0 mark

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**.

delegation is the ~~pro~~ process of passing down
works from its authorities to its
subordinates in a business (1)



This response gained the mark available, by realising that it is the passing down of work to those lower such as subordinates.

1 mark

Question 3 (b)

An 'Outline' question which is similar to a 'State' question where candidates have to put their response in the context of the business. 'Outline' questions are AO2 (Application) questions. To score the two marks available there must be a development in the response as well as it being applied to the scenario. In most cases candidates will give a correct response but it will not be in context.

This question was not well answered by the cohort with the majority of candidates not gaining the full two marks available. 'State or Outline' questions must be in the context of the scenario, LEGO, and just using the word does not put the response in context.

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

(2)

The It is independent. The family ^{run and} controls all the business issues without 'interference' from external bodies.



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The comment made about being independent is valid but is not in context.

0 mark



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Examiner Tip

Ensure that any 'State or Outline' question is in context and developed. Avoid just putting in the name of the business.

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

(2)

~~Business decision can't be influenced by people unknown~~
Business shares can't be bought out by someone else causing someone else to run the family



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Examiner Comments

Again a valid comment about the shares and who they could be sold to. but is not related back to LEGO as a privately-owned family business.

0 mark

Question 3 (c)

In this question candidates should be encouraged to show their workings on all calculation questions, as they could gain a mark for the working, even if the actual answer written in the box is incorrect. Candidates should also be encouraged to ensure that they write their answer on the dotted lines at the bottom of the box so that the examiners are clear as to what their answer is. Again it is also worth reiterating to candidates that they should take care to ensure that their figures are easily recognisable, to avoid any confusion by the examiner.

This question was well answered by candidates and the majority were able to gain the two marks available.

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)

Handwritten calculation showing a 4.5% increase on 150,000 DKK, but incorrectly subtracted instead of added.

$$150000 \times 4.5\%$$
$$= 6750$$
$$150000 - 6750$$
$$= 143250$$

143250 DKK



On this particular response the candidate carried out the first part of the calculation correctly which was the actual amount the employee would gain if they were given the 4.5% pay increase. However, it was not added to the original amount but subtracted.

1 mark

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)

$$\frac{100 + 4.5}{100} \times 150000$$

$$= 156750 \text{ DKK}$$

.....156750..... DKK



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Candidate has worked out the correct answer and clearly shown the workings out.

2 marks

Question 3 (d)

Although there was an omission made on the Advanced Notice Information and this question was referenced as 3.4.2, The purpose of statements of financial position, when it should have been referenced as 3.4.1, The use of Statement of Comprehensive Income.

Careful consideration was given at the pre standardisation and main standardisation meetings when the mark scheme was finalised to ensure that no candidates would be disadvantaged in any way, additional sampling was also carried out by the principal examiner to ensure this. The marks gained by candidates this series, was comparable to previous years' with similar questions.

'Analyse' questions are testing two of the Assessment Objectives, or AO's. Namely AO2 which is 'Application' and AO3 which is 'Analysis'. Thus, to be successful, candidates need to demonstrate both of these skills within their answer.

Candidates were asked to 'Analyse' how LEGO could use a Statement of Comprehensive Income when considering the development of new toys. To gain the marks available candidates needed to apply the information and then analyse. Unfortunately, candidates tended to describe what a Statement of Comprehensive Income is and not relate it back to LEGO. Most candidates gained a Level 2 mark.

Examiners will look at the response 'holistically', have they applied their knowledge to the scenario and have they analysed the information, they will then make a decision as to where the response 'best fits' into the Levels.

Candidates must be aware that there are no marks available for knowledge, and that the response must be in context of LEGO.

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

(6)

Lego could use the statement of comprehensive income to analyse whether they have ~~an~~ enough equity to go through with the development of a new product. The current equity of the business will allow the owners to see whether they can afford to begin developing and launching a product or they should wait and increase their shares and income first. This leads to the company being aware of their financial situation and any changes that need to take place before expanding their product options.

Another way they could use the statement of income could be by analysing their number of current assets. Having an overview of the products in stock at that moment allows them to see whether they have enough storage space to begin developing new products or they need to discontinue certain already on the market toys or change their production whereabouts. This leads to the company having an overview of where their storage and production lies at that time. ~~this increasing~~



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Examiner Comments

The response given, shows sound application of knowledge and understanding. Detailed justification of the purpose and how the Statement of Comprehensive Income could be used by LEGO and evaluative comments made.

Level 3 – 6 marks



It is worth practicing financial questions. Perhaps by analysing more than one point in order to gain the higher level marks available.

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

(6)

LEGO would be able to analyse the statement of comprehensive income and find out ~~how~~ where in the business did costs go up in and how to reduce it leaving more money for development of toys. LEGO could also find out which ~~prod~~ products made more profit so LEGO can find out what type of toy is high in demand/what characteristics in toys are in demand. So there would be no risk in development and making a loss. LEGO can also ~~find~~ analyse and find out which toy had earned the most sales so ~~it~~ they can decide to increase production ~~in~~ of that toy or introduce a new range of toys that are similar to that toy. ~~ensuring~~ high profits because it would sell well.



Sound knowledge shown in the response with a basic understanding of the purpose of the Statement of Comprehensive Income. An understanding that they would consider which toys were making the most profit. There are some interconnected points made.

Level 2 – 4 marks

Question 3 (e)

The second option question where candidates have to justify which one of the two options would be more suitable for LEGO. As in question 2 many candidates described both methods of training giving the advantages and disadvantages. As mentioned, there are no knowledge marks available for this type of question. Again, from the responses seen a number of candidates confused the two methods of training, which was a great pity. Candidates should be encouraged to 'Apply, Analyse and Evaluate' either one or two of the options, to enable them to gain the higher level marks. Most candidates gained a level 2 mark, with only a small percentage gaining a level 3 mark. It may help some candidates gain the higher level if they actually gave evaluative comments as to the chosen option and why it would be more suitable.

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)

Off-the-job training is training that takes place outside the work place. In my opinion, LEGO should consider training its employees outside ~~the~~ the workplace. Firstly, LEGO's employees will be taken to an agency to get the additional training. Therefore, employees will get trained by specialists that ~~are specialised~~ ^{will pass} on their skills to ~~the~~ LEGO's trainees. As a result, the trainees will gain more experience and skills that will highly benefit LEGO. Therefore, ~~the~~ LEGO's employees will be capable of producing new products with unique selling points that will satisfy customers and make LEGO gain competitive edge. In addition, LEGO's output will not be affected. This is because the employees are being trained outside the work place. Meaning any mistakes occur will not ~~effect~~ ^{be an issue} to LEGO. However, off the job training can be expensive. This ~~means~~ ^{means} ~~it because~~ ^{LEGO} ~~specialised~~.

~~agreed~~ will have to pay more than
that if it used on the job training.
This ~~is~~ AS a result, LEGO's costs will
increase. Thus this will ~~affect~~ ^{have a negative} ~~is~~
on its ~~profitability~~ ^{impact a profitability}



The first four lines of this response is repeating the question which as mentioned earlier is wasting valuable time. However, the candidate then goes on to develop the reasons for choosing off-the-job training and the benefits that LEGO could gain from this method. The response is developed by reference to how the employees would feel with regard to this method of training and then how LEGO itself would benefit. with perhaps a more evaluative comment this response could have moved to the next level.

Level 2 – 6 marks

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)

On the job because on the job ~~training~~ ^{training},
~~because~~ the employees mentor the
new employees to learn the skills leading
to the employees learning while teaching
and the starters can learn from these
mentors meaning even the mentors improve
their skills ^{by teaching} however the ~~mentors~~ ^{employees starting} sometimes
can complain how they don't do anything
and just watch. Output is produced,
in LEGO, this leads to employee
satisfaction and this is a measure
of success.



A limited response from the candidate, one option is chosen that of on-the-job training with some knowledge of what this type of training is, which is not worthy of a mark. Reference to having a mentor showing an employee how to do the work is relevant and this is developed with reference that the employee is monitored by the mentor to ensure that the job is carried out correctly. Again, which is not further developed. The response is limited and not developed hence the Level 1 mark.

Level 1 – 3 marks

Question 4 (a)

Another calculation question and as previously, candidates should be encouraged to show their workings on all calculation questions, as they could gain a mark for the working, even if the actual answer written in the box is incorrect. Candidates should also be encouraged to ensure that they write their answer on the dotted lines at the bottom of the box so that the examiners are clear as to what their answer is. Again it is also worth reiterating to candidates that they should take care to ensure that their figures are easily recognisable, to avoid any confusion by the examiner.

This question was well answered by candidates and the majority were able to gain the two marks available.

- 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)

$$\frac{34946}{12763}$$

2:74:1



The response clearly shows the workings out together with the answer.

2 marks

- 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)

$$\begin{array}{r} 34946 \\ \hline 12763 \\ \\ = \del{2.71} \\ \\ = 2.73 \end{array}$$

~~2.71~~ 2.73



On this particular response the candidate has made a slight error, although the correct answer can be seen it is crossed out. The answer is wrong but the calculation is correct. Therefore 1 mark.

1 mark.

Question 4 (b)

Most candidates were able to gain some marks on this question with over half of the cohort gaining a Level 2 mark. As previously mentioned, and in the 'Getting Started Booklet' page 32 an 'Analyse' question is looking for application and analysis of why a business would want to use robotics in the manufacture of toys and games. Giving a clear understanding of the benefits of using robotics in the production of toys. 'Analyse' questions are looking for 'Application and Analysis' with knowledge not required.

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.

to LEGO of increasing (6)
One benefit of robotic robotics in manufacture is that they are ~~most~~ more able to work 24/7 unlike labours. As a result, the productivity of toys will increase. This will lead to higher customer satisfaction as LEGO is able to meet high & customer demands.

Another benefit to LEGO of increasing robotics in manufacture is that they are more cost-effective in the long run. Initially, they might be expensive but it's overall costs to run per year are lower than labours. As a result, LEGO can not only increase output but also decrease costs. This will lead LEGO ~~being~~ being able to break even sooner with fewer products due to lower costs.



Again the response begins with the question, which is as mentioned wasting valuable time. The comment about productivity increasing and that they are more cost effective is relevant. Also the justification that they may cost more to begin with but then the cost would be decreasing is again showing sound application of knowledge. Perhaps if the response had been developed more to comment on the reduction of staff and that robotics do not require time to relax or have holidays could have developed the response more, showing evaluative comments.

Level 2 – 4 marks

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)

The benefits to lego of increasing the use of robotics can be more faster work, they will finish with the toys much faster, it will be more better quality, because for robotics it will be more like a command which they are doing perfectly. ~~if it's a~~ Also it might the reviews of the customer and also it might turn the toys into more modern version



This is a very limited response with limited application of knowledge and the comments made are not developed to gain the higher levels.

Level 1 – 2 marks

Question 4 (c)

The question is marked in exactly the same way as the 'Justify' questions. Although it is worth pointing out to candidates that this question does carry the most marks and they should allow sufficient time to answer it with all four of the Assessment Objectives being covered. AO1 – knowledge, AO2 – Application, AO3 – Analysis and AO4 – Evaluation. A number of candidates only completed a few lines and therefore this limits them on the marks they are able to gain. Some candidates are using bullet points or numbered format, this will also not allow them to gain the higher levels marks as they may not have 'Analysed or Evaluated' the points made. Candidates were asked to evaluate how LEGO has maintained a competitive advantage in the making of toys and games. A variety of valid comments were made by candidates, such as trading in more countries, using machines to create toys. However, they then failed to develop these points and justify their decisions to gain the higher level marks.

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)

LEGO has maintained a competitive advantage by progress
LEGO over time has been trying out different methods
of making toys to see ~~if~~ which toy would suit the shop
and what kids are into and what kind of toys they like.
LEGO has also maintained a competitive advantage by
having trained professional employees and training the right
way in order to make them make good products by having this.
It shows that LEGO have a good way of training and finding
good employees. LEGO is also a very creative brand and testing
different ways of making toys.

LEGO also has a very good way of marketing and making
publicity ~~to~~ ~~make~~ and to make it eye catching for customers
to want to buy the product. By having publicity and eye-
catching is a huge advantage for LEGO to grow its business.



From the response, the candidate has made very valid comments about the manufacturing of toys, ensuring that the employees are of a high standard, however these points were then not analysed and evaluated to gain the higher level mark.

Level 1 – 4 marks



Ensure that sufficient time is allocated to complete the last question.

Justify the comments made.

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)

Throughout the years LEGO has followed their motto that 'only the best is good enough', this could lead to employee motivation and better quality products because according to the motto, if a product is not up to the standard then that product doesn't get launched, this could help LEGO have only the best quality toys.

As stated in the case study, LEGO has 15 factories and over 18,000 employees all around the world, this could help increase the number of products being manufactured since there's a lot of employees.

Unlike other toy stores, LEGO not only target the small children, its toys are targeted for girls and boys of all ages, this increases their target market, which is a great way of competing. The case study also states that LEGO manufactures toys and games from films such as Star Wars and Harry Potter, which are two of the most famous films, and not only is it highly recommended, they are also movies targeting all ages, creating toys regarding movies can be a huge advantage to attract customers as, not only the kids, but the fans of that particular movie would want to buy the toys.

As said in the case study, the founder of LEGO once stated that 'only the best people that money can buy', could work in his company, meaning that LEGO has the best, ~~most~~ and most

skilled employees; This could be very important when it comes to competition with other firms, since LEGO has most of the skilled employees there products would eventually be better quality, ~~and~~ LEGO doesn't only focus on the toy, they make sure that the product could help children learn new things, ~~and~~ with products like this LEGO could easily attract the parents into wanting to buy their children toy and games, since not only would it make their children happy, it would also be educational.



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Examiner Comments

Although the response includes information from the scenario it is knowledge that is relevant to the question. This information is then analysed and developed showing that it is most accurate knowledge and understanding of business concepts. There are some interconnected points, however there are limited evaluative comments to move the response higher up the level.

Level 2 – 7 marks

Paper Summary

Candidates are offered the following advice:

- Avoid repeating the question in the first line of their response – it takes up space and also wastes valuable time.
- Ensure that when completing the calculation questions all working out is included in the space provided.
- Ensure that the 'State' and 'Outline' questions include information from the scenario not just the repeating the information in the question.
- Aim to develop answers using linking words, such as 'thus', 'therefore', 'because' to expand the comments made in the response.
- The two 'Justify' questions does not require consideration of both options, but evaluative comments on both options is acceptable.
- Remember that all questions are marked to the Assessment Objectives (AO's) that each question is designed to test. Therefore including detailed knowledge in an application question will not gain the full marks available.

Grade boundaries

Grade boundaries for this, and all other papers, can be found on the website on this link:

<https://qualifications.pearson.com/en/support/support-topics/results-certification/grade-boundaries.html>

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