

1 KPX manufactures computers. The business imports 60% of its raw materials. The Operations Director is considering ways to use lean production methods in KPX’s factory. The Finance Director is reviewing KPX’s financial data to calculate the value of its expenses. An extract is shown in Table 1.1.

Table 1.1

Extract from KPX’s financial data for 2024 (\$ million)	
Revenue	750
Cost of sales	360
Gross profit	390
Profit	90

- (a) Identify **two** reasons why a business might import raw materials.

Reason 1:

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Reason 2:

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[2]
- (b) Calculate KPX’s expenses in 2024. Show your working.

Working:

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Final answer:

[2]
- (c) Outline **two** ways KPX’s Finance Director could use the financial data in Table 1.1.

Way 1:

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Way 2:

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[4]

(d) Explain **two** methods of lean production KPX could use.

Method 1:

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Explanation:

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Method 2:

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Explanation:

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..... [6]

(e) Explain **two** reasons why profit is important for a business. Which reason is likely to be the most important? Justify your answer.

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..... [6]