1(a)	**Identify <u>two</u> reasons why a business might import raw materials.** Award 1 mark per reason (max 2). Points might include: • Not available/limited supply in own country • Lower cost • Better quality • Wider range of materials Other appropriate responses should be credited.
1(b)	**Calculate KPX's expenses in 2024. Show your working.** Award 2 marks for a correct answer. Award 1 mark for correct method but incorrect answer. Correct answer [2] i.e. $300 million Correct method but incorrect answer e.g. • Gross profit – profit [1] • $390m – $90m [1] If correct answer given with no working shown, award 2 marks.

1(c)	**Outline <u>two</u> ways KPX's Finance Director could use the financial data in Table 1.1.** Award 1 mark for each relevant way (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: • Show whether made a profit [k] which is $90m [app] • Calculate profit margin [k] for the factory [app] • Calculate gross profit margin [k] when importing raw materials [app] • <u>Help make decisions about whether</u> to continue/stop production [k] of computers [app] • To track performance against objectives/time [k] • To compare performance against other businesses [k] • Support a loan application [k] Other appropriate responses should be credited.

1(d)	**Explain <u>two</u> methods of lean production KPX could use.** Award 1 mark for identification of each relevant method (max 2). Award 1 mark for each relevant reference to this business (max 2). Award 1 mark for each relevant explanation (max 2). Points might include: • Just-in-time (inventory control) / JIT [k] when importing raw materials [app] reducing amount of space / inventory held / lower storage costs [an] • Kaizen [k] to help eliminate mistakes/errors [an] when making computers [app] Other appropriate responses should be credited.

1(e)	**Explain <u>two</u> reasons why profit is important for a business. Which reason is likely to be the most important? Justify your answer.** Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award up to 2 marks for a justified decision about which reason is likely to be the most important. Points might include: • Provides a source of funds [k] as no interest to pay [an] • Reward for risk-taking [k] as owners invest their money in hope of making a return on investment / motivate them to continue [an] • Represents a return on shareholder/owner's investment/enterprise [k] as otherwise they could invest elsewhere [an] • Help attract investors/finance [k] which could help the business to expand [an] • Measure of success [k] as low profit could suggest the business is not worth continuing/starting up [an] • Need for <u>long-term</u> survival [k] Other appropriate responses should be credited. Justification might include: It can provide a source of funds [k] for which there is no interest to pay [an]. It is also a reward for risk-taking [k] as owners invest their money in the hope of making a return on their investment [an]. Providing a source of funds is most important because if successful, this could provide the owners with more profit in the future [eval] which may even lead to greater returns for owners [eval].