

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:
..... [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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2 FLD is a furniture retailer. It has 460 shops and 20 000 employees. Internal recruitment is used when recruiting new shop managers. The Managing Director wants to know whether job rotation is the best method of motivation for a large business to use. The Finance Director is reviewing FLD’s income statement. An extract is shown in Table 2.1. She is concerned that FLD’s gross profit is decreasing.

Table 2.1

Extract from FLD’s income statement for year ending April 2025 (\$ million)	
Revenue	400
Gross profit	200
Expenses	60
Profit	140

(a) Define ‘profit’.

[2]

(b) Identify **two** expenses a business might have.

Expense 1:

Expense 2:

[2]

(c) Outline **two** possible reasons why FLD’s gross profit is decreasing.

Reason 1:

Reason 2:

3

[4]

(d) Explain **two** advantages to FLD of using internal recruitment when recruiting new managers.

Advantage 1:

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Explanation:

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Advantage 2:

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Explanation:

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..... [6]

(e) Do you think job rotation is the best method for a large business to use to motivate its employees? Justify your answer.

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