

Write your name here	
Surname	Other names
<b>Edexcel</b> <b>Principal Learning</b>	Centre Number
	Candidate Number
<b>Manufacturing and Product Design</b>	
<b>Level 2</b>	
<b>Unit 1: Running a Manufacturing Business</b>	
Wednesday 19 May 2010 – Morning <b>Time: 1 hour</b>	Paper Reference <b>MP201/01</b>
<b>You may use a calculator.</b>	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 60.
- The marks for **each** question are shown in brackets  
– *use this as a guide as to how much time to spend on each question.*

### Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

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**Answer ALL questions. Write your answers in the space provided.**

**1** State the type of manufacturing business structure required for the production of a national brand of confectionery.

.....

**(Total for Question 1 = 1 mark)**

**2** Businesses use a variety of organisational structures.

(a) List **three** features of a decentralised structure.

(3)

1 .....

2 .....

3 .....

(b) Describe **one** advantage of using a decentralised structure.

(2)

.....

.....

.....

(c) An alternative to a decentralised structure is a hierarchical structure.

(i) State **two** ways in which a hierarchical structure is different to a decentralised structure.

(2)

1 .....

2 .....

(ii) Name the role at the top of an hierarchical structure.

(1)

.....

**(Total for Question 2 = 8 marks)**

**3** State the business function responsible for posting letters.

.....

**(Total for Question 3 = 1 mark)**



4 Which business function forecasts equipment requirements?

.....

(Total for Question 4 = 1 mark)

5 One role of the human resources function is to provide job descriptions.

Identify **three** other roles of the human resources function.

1 .....

.....

2 .....

.....

3 .....

.....

(Total for Question 5 = 3 marks)

6 Describe **two** ways in which legal staff and human resources staff work together to write a job description.

1 .....

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.....

.....

2 .....

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(Total for Question 6 = 4 marks)



**7** The number of people who report to one manager in a business hierarchy is called a **span of control**.

Describe **two** advantages of a narrow span of control where only a small number of people report to a manager.

1 .....

.....

.....

.....

2 .....

.....

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.....

**(Total for Question 7 = 4 marks)**

**8** Work-related health and safety is covered by the Health and Safety at Work Act 1974.

(a) State the government organisation responsible for enforcing this Act.

(1)

.....

.....

(b) Outline **one** way in which this Act is enforced.

(2)

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**(Total for Question 8 = 3 marks)**



**9** A pharmaceutical company manufactures pain killing drugs.

Outline **two** ways in which an improvement in production efficiency affects the sustainability of the business.

1 .....

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2 .....

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**(Total for Question 9 = 4 marks)**

**10** A manufacturer produces one model of bicycle.

Describe **two** negative consequences of this for their long-term business success.

1 .....

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2 .....

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**(Total for Question 10 = 4 marks)**



**11** State the purpose of setting budgets for a manufacturing business.

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.....

**(Total for Question 11 = 1 mark)**

**12** Outline **two** methods used to manage budgets.

1 .....

.....  
.....  
.....

2 .....

.....  
.....  
.....

**(Total for Question 12 = 4 marks)**

**13** List **three** financial targets used by manufacturing businesses.

1 .....

2 .....

3 .....

**(Total for Question 13 = 3 marks)**

**14** Describe the purpose of financial targets.

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.....  
.....  
.....

**(Total for Question 14 = 2 marks)**



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7  
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15 A component manufacturer decides to invest in new quality control equipment.

The final results for a return on investment (ROI) analysis are given in Table 1.

<b>Benefits</b>	<b>Per month</b>	<b>Over 12 months</b>
Quality savings	400	4 800
Labour savings	600	7 200
Productivity increases	850	10 200
Other cost savings	125	1 500
<b>Total Benefits</b>		
<b>Costs</b>		
Machinery	4 500	54 000
Staff training	100	1 200
Materials		
Evaluation	75	900
<b>Total Costs</b>		56 700

**Table 1**

(a) State the business function responsible for calculating the ROI for the new equipment.

(1)

(b) Calculate the materials cost per month.

(1)

(c) Calculate the ROI as a percentage correct to 1 decimal place.

(2)

.....%





(d) Calculate the number of months needed to pay back the investment.

(2)

(e) Outline **two** reasons why the component manufacturer would make this investment.

(4)

1 .....

.....

.....

.....

2 .....

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**(Total for Question 15 = 10 marks)**



16 Table 2 shows the profits of two clothing manufacturing businesses.

<b>Profit and Loss for Year End</b>	<b>Trouser Manufacturer</b>	<b>Shirt Manufacturer</b>
	£ 000	£ 000
<b>Sales</b>	580	580
Cost of Sales	425	330
<b>Gross Profit</b>	155	250
Operating Expenses	120	220
<b>Net Profit before tax deducted</b>	35	30

**Table 2**

(a) Complete Table 3 to:

- (i) calculate the gross profit margin for the trouser manufacturer (2)
- (ii) calculate the net profit margin for the shirt manufacturer. (2)

You must show your working.

	<b>Trouser Manufacturer</b>	<b>Shirt Manufacturer</b>
<b>Gross Profit Margin (%)</b>		43%
<b>Net Profit Margin (%)</b>	6%	

**Table 3**



(b) Profitability is an important consideration for investors.

Describe why one of the clothing manufacturers is a better investment for an investor.

(3)

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**(Total for Question 16 = 7 marks)**

**TOTAL FOR PAPER = 60 MARKS**



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