

Write your name here

Surname

Other names

**Edexcel**  
**Principal Learning**

Centre Number

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Candidate Number

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# Manufacturing and Product Design

Level 2

Unit 1: Running a Manufacturing Business

Thursday 12 January 2012 – Afternoon

Time: 1 hour

Paper Reference

**MP201/01**

You may use a calculator.

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.

Turn over ►

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PEARSON

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

**1** State the business function responsible for providing the customer with a product in return for money.

.....

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

**2** What type of manufacturing business structure is involved when mass producing motorcycles on a production line?

.....

**(Total for Question 2 = 1 mark)**

**3** List **three** features of a small business.

1 .....

2 .....

3 .....

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

**4** Describe the role of the distribution function.

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**(Total for Question 4 = 2 marks)**



5 A soft toy manufacturer has increased its number of production employees from five to ten, and has employed an administrator. The owner now wishes to develop a flat organisational structure.

Draw the new flat organisational structure.

**(Total for Question 5 = 3 marks)**

6 A customer contacts the sales function to complain about a faulty product.

Name **three** other business functions involved in resolving the customer complaint.

1 .....

2 .....

3 .....

**(Total for Question 6 = 3 marks)**

7 Identify **two** features of a micro business.

1 .....

.....

2 .....

.....

**(Total for Question 7 = 2 marks)**



8 To ensure it remains a sustainable enterprise, a ceramics manufacturer has decided to relocate its production plant to a different country.

Outline **two** possible reasons why the company has decided to relocate its production plant.

1 .....

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2 .....

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**(Total for Question 8 = 4 marks)**

9 A small manufacturing firm *Fasciabiz Ltd* supplies local businesses with shop signs.

*Fasciabiz Ltd* receives a large order from a new customer that must be delivered within three days. Delivering this order will affect the short-term and long-term sustainability of *Fasciabiz Ltd*.

(a) Outline **one negative** effect of this large order on the **short-term** sustainability of *Fasciabiz Ltd*.

(2)

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(b) Outline **one positive** effect of this large order on the **long-term** sustainability of *Fasciabiz Ltd.*

(2)

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

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

Describe **two** advantages of a wide span of control where a large number of people report to a manager.

1 .....

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2 .....

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



11 A cash flow forecast for the first six months of a small manufacturing company is shown in Table 1.

	January	February	March	April	May	June
<b>Opening balance</b>	0	(2 380)	(2 635)	565	(1 815)	(4 195)
<b>Sales</b>	0	2 420	.....	0	.....	3 900
<b>Costs</b>	680	.....	2 900	680	680	1 450
<b>Salary</b>	.....	1 700	1 700	1 700	1 700	1 700
<b>Closing balance</b>	(2 380)	(2 635)	565	(1 815)	(4 195)	.....

**Table 1**

(a) Complete the cash flow forecast in Table 1 for the small manufacturing company.

(5)

Space for working

(b) The small manufacturing company operates at a loss over a sustained period.

Describe **two** options available to the owner of the company.

(4)

1 .....

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2 .....

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**(Total for Question 11 = 9 marks)**



**12** A manufacturer produces two versions of an electric razor: a value model and a premium model.

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

1 .....

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2 .....

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



13 Table 2 shows the monthly stock and sales levels for an umbrella manufacturer.

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Stock beginning of month	25 000	19 000	15 000	13 000	11 000	14 000	17 300	.....	24 700	27 900	30 900	28 900
Sales	10 000	8 000	6 000	6 000	1 000	700	300	300	.....	1 000	6 000	10 000
Production	4 000	4 000	4 000	4 000	4 000	4 000	4 000	4 000	4 000	4 000	4 000	4 000
Stock end of month	19 000	15 000	13 000	11 000	14 000	17 300	.....	24 700	27 900	30 900	28 900	.....

**Table 2**

The company manufactures 4 000 umbrellas a month but the maximum stock level it can hold is 25 000 umbrellas.

(a) Complete the missing figures in Table 2.

(3)

Space for working

(b) (i) How many months of the year does the manufacturer exceed its maximum stock level by 10%?

You must show your working.

(3)

Space for working

..... months





(ii) Outline **two** strategies the umbrella manufacturer could implement to match stock levels to sales.

(4)

1 .....

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2 .....

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**(Total for Question 13 = 10 marks)**

**14** Outline **two** reasons why a manufacturing business would restrict the number of employees who can spend the company's cash.

1 .....

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2 .....

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**(Total for Question 14 = 4 marks)**



**15** A machine tools manufacturer is registered for Value Added Tax (VAT).

It sells a machine tool for £3 300.

The total costs of the parts used to manufacture the tool, including VAT, is £700.

The VAT rate on the parts and the selling price is 20%.

The costs to manufacture are calculated at 10% of the parts value.

Calculate the gross profit.

You must show your working.

Space for working

**Gross profit:** .....

**(Total for Question 15 = 6 marks)**

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**TOTAL FOR PAPER = 60 MARKS**



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