

<b>Candidate Forename</b>		<b>Candidate Surname</b>	
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<b>Centre Number</b>						<b>Candidate Number</b>				
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**OXFORD CAMBRIDGE AND RSA EXAMINATIONS  
ADVANCED SUBSIDIARY GCE**

**F292**

**BUSINESS STUDIES**

**Business Functions**

**THURSDAY 21 JANUARY 2010: Afternoon**

**DURATION: 2 hours**

**SUITABLE FOR VISUALLY IMPAIRED CANDIDATES**

**Candidates answer on the Question Paper**

**OCR SUPPLIED MATERIALS:**

**Clean copy Case Study**

**OTHER MATERIALS REQUIRED:**

**Calculators may be used**

**READ INSTRUCTIONS OVERLEAF**

## **INSTRUCTIONS TO CANDIDATES**

- Write your name clearly in capital letters, your Centre Number and Candidate Number in the boxes on the first page.
- Use black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully and make sure that you know what you have to do before starting your answer.
- You must answer **ALL** the questions. You should not need to spend more than 30 minutes on Section A.
- Write your answer to each question in the space provided, however additional paper may be used if necessary.

## **INFORMATION FOR CANDIDATES**

- The number of marks is given in brackets [ ] at the end of each question or part question.
- The total number of marks for this paper is **90**.
- The quality of your written communication will be taken into account in marking your answer to the question labelled with an asterisk (\*). Marks will be awarded for spelling, punctuation and grammar, use of appropriate form and style of writing, and for organising work clearly and coherently.

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## SECTION A

Answer ALL questions.

Question 1 does NOT relate to the FIF case study.

1 (a) Define the term 'adverse variance'.

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[2]

(b) To increase sales is one possible marketing objective. State TWO other marketing objectives.

1 

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2 

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[2]

(c) Identify TWO ways in which a firm may operate above 100% capacity.

1 

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2 

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[2]

(d) The following is a partially completed cash flow statement.

Item	October (£)	November (£)
<b>OPENING BALANCE</b>	40	
<b>INFLOWS</b>		
Sales revenue	100	150
<b>OUTFLOWS</b>		
Wages	54	50
Raw materials	28	25
Rent & fuel	22	38
<b>NET CASH INFLOW</b>		
<b>CLOSING BALANCE</b>		

**Calculate the closing balance for November. Show your working.**

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[4]

**(e) Outline TWO disadvantages to a firm of holding too much stock.**

**1** \_\_\_\_\_

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\_\_\_\_\_

\_\_\_\_\_

**2** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ [4]

**(f) Explain TWO consequences to a business of a narrow span of control.**

**1** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**2** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ [4]

**Section A Total [18]**

## SECTION B

Answer ALL questions.

Questions 2–5 are based on the case study. Your answers should make specific reference to the issues facing FIF.

- 2 (a) Refer to Table 1. FIF allocates £ 216,080 fixed costs per year to the Classic 760Z treadmill.

Assume that the current level of output is maintained and that all sales for this product are made at list price. Calculate the annual break-even level of sales.

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[4]



**(b) Evaluate the usefulness of break-even analysis as a decision-making tool for FIF, given its current pricing policy.**

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[16]

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**3 Evaluate the importance of market segmentation to FIF when selling exercise equipment to homes and schools (lines 115–123).**

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[16]

**4 Discuss methods that FIF could use to improve quality.**

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**5\* Assess ways in which FIF might seek to motivate its staff more effectively.**

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