THIS IS A NEW SPECIFICATION

OCR
RECOGNISING ACHIEVEMENT

ADVANCED SUBSIDIARY GCE

BUSINESS STUDIES

Business Functions

F292

Candidates answer on the question paper

OCR Supplied Materials:
- Case Study (clean copy)

Other Materials Required:
- Calculators may be used

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Duration: 2 hours

F292

Candidate Forename		Candidate Surname	

Centre Number						Candidate Number				

INSTRUCTIONS TO CANDIDATES

- Write your name clearly in capital letters, your Centre Number and Candidate Number in the boxes above.
- 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 Question 1 in Section A and Questions 2–5 in Section B. You should not need to spend more than 30 minutes on Section A.
- Do **not** write in the bar codes.
- 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.
- This document consists of **16** pages. Any blank pages are indicated.

A calculator may be used for this paper

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Section A

Answer **all** questions.

Question 1 does **not** relate to the LMB Case Study.

1 **(a)** Promotion is **one** component of the marketing mix. Identify **two** other components of the marketing mix.

.....

..... **[2]**

(b) State **two** disadvantages of high labour turnover to an organisation.

1.....

.....

2.....

..... **[2]**

(c) What is meant by the term 'decentralisation'?

.....

..... **[2]**

(d) It costs £1 to download a music track from the Internet. Jenny buys **four** music tracks a week. However, due to a rise in the minimum wage rate, her income increases from £200 to £220 per week. She now buys **five** music tracks per week.

Calculate Jenny's Income Elasticity of Demand for downloaded music tracks.

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..... **[4]**

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(e) Outline **two** disadvantages of using the payback method for making investment decisions.

1.....

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2.....

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..... **[4]**

(f) Explain **two** consequences of quality control to a business.

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..... **[4]**

Section A Total [18]

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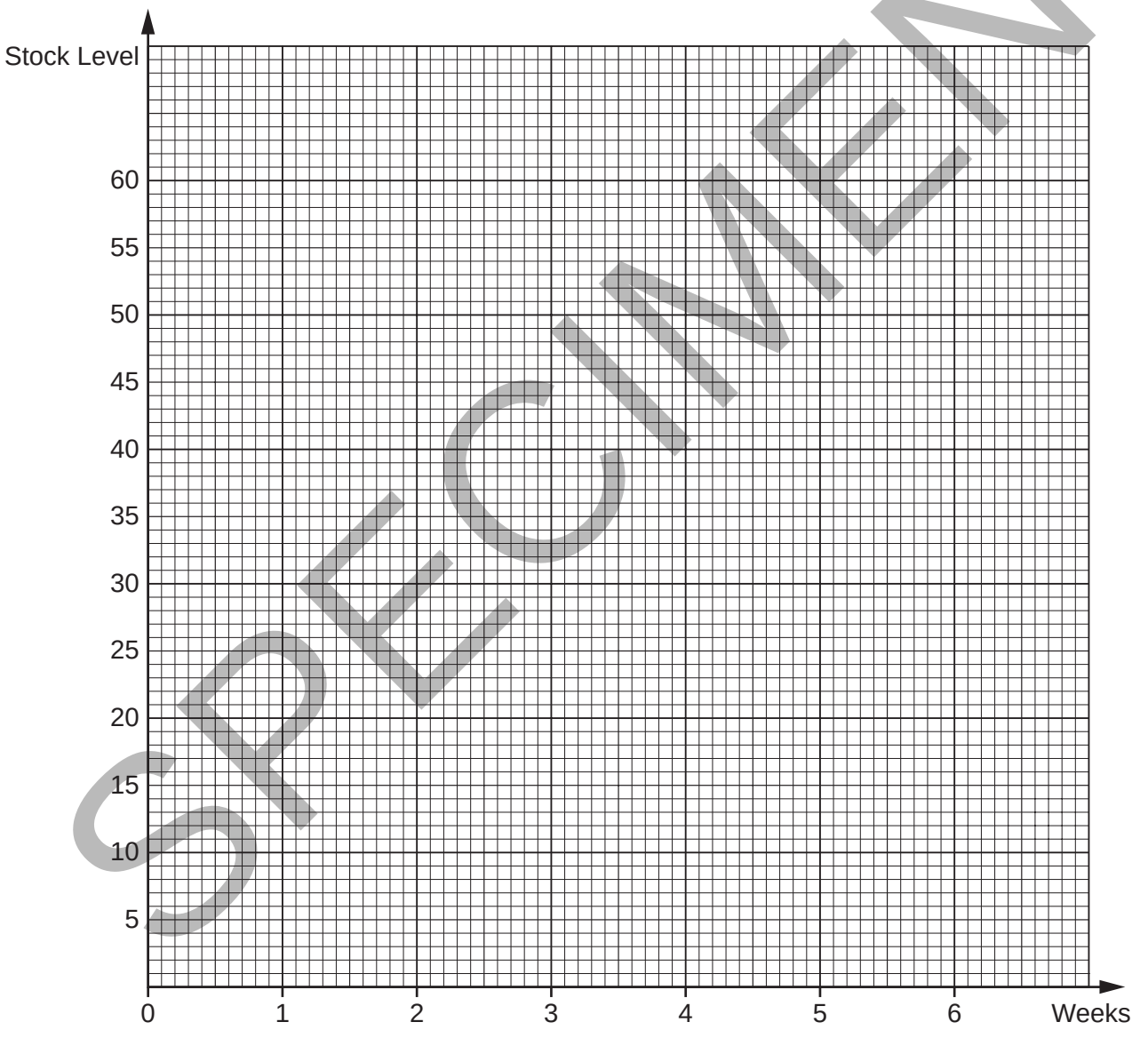
Section B

Answer **all** questions.

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

2 **(a)** The average weekly sales for Fiction Paperbacks is 25. Assume that at the beginning, stock levels are at their maximum.

Complete the stock-control diagram for **five** weeks. Clearly show the reorder level.



[4]

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(b)* Discuss Colm's options for improving stock control at LMB.

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3* Recommend the changes that should be made to the organisational structure of LMB in order to improve performance.

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4* Discuss possible reasons for the differences between the budgeted and actual performance of LMB shown in Table 1.

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5* Evaluate suitable promotional methods that LMB could use to increase sales.

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