



ADVANCED SUBSIDIARY GCE
BUSINESS STUDIES
 Business Functions

F292

Candidates answer on the question paper

OCR Supplied Materials:

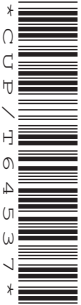
- Case Study (clean copy)

Other Materials Required:

- Calculators may be used

Thursday 21 May 2009
Morning

Duration: 2 hours



Candidate Forename		Candidate Surname	
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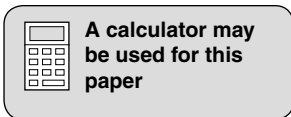
Centre Number						Candidate Number				
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INSTRUCTIONS TO CANDIDATES

- 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.



Section A

Answer **all** questions.

Question 1 does **not** relate to the HCL case study.

- 1 (a) Stock is one item listed under the heading of current assets on a balance sheet. State **two** other current assets.

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2 [2]

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

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- (c) Define the term 'customer orientation'.

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- (d) A firm produces cereal bars. The direct costs are 18 pence per unit.
A local health shop wishes to place an order for 40,000 cereal bars at a price of 20 pence each. The order will incur an additional overhead cost of £350.

Calculate the total contribution of this order.

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(e) Outline **two** advantages of introducing Just-in-Time (JIT) into the production process of a firm.

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(f) Explain **two** different payment methods for employees.

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Section A Total [18]

Section B

Answer questions 2–5.

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

- 2 (a) Calculate the price elasticity of demand for 'Parsnip crisps' as a result of the price rise from February to March 2009.

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- (b) Discuss the factors which HCL might consider in setting the prices of its crisps.

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3 With reference to Figure 3, recommend changes that could be made to the organisational structure of HCL in order to improve performance.

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4 Evaluate the usefulness to HCL of investment appraisal techniques in deciding whether to install the new system in its existing factory (lines 70–72).

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- 5* Richard Hoiles is proposing introducing a dedicated production line in the new factory. (Lines 39–41)

Discuss the advantages and disadvantages to HCL of this proposal.

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[20]

Section B Total [72]

Paper Total [90]

If you use these lined pages you **must** write the question number next to your answer.

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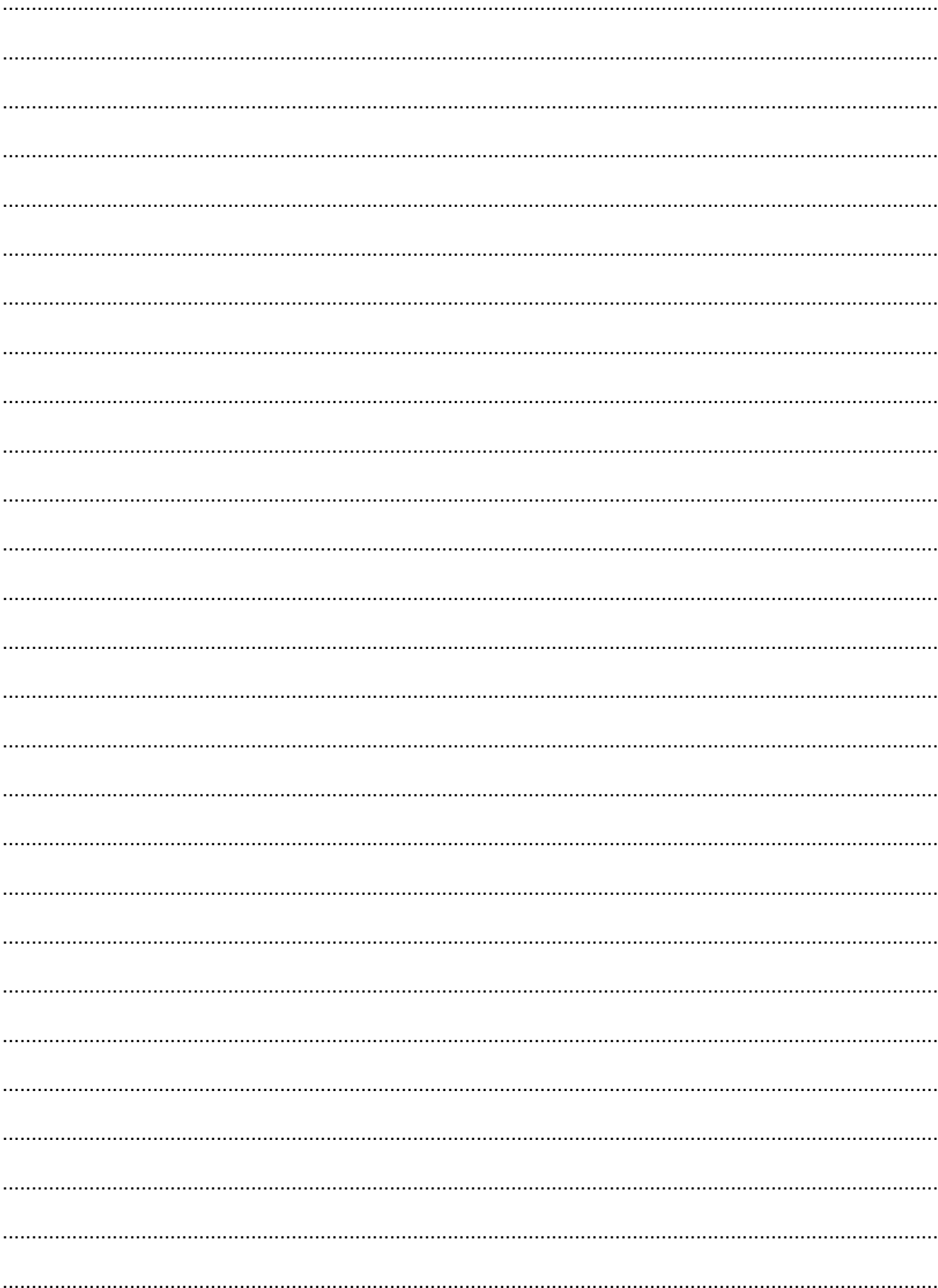
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