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:
- Clean copy Case Study

Other Materials Required:
- Calculators may be used

Thursday 21 January 2010
Afternoon

Duration: 2 hours

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 **all** the questions. 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 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 .....

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

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

1 .....

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2 .....

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

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

Item	October (£)	November (£)
Opening balance	40	
Inflows		
Sales revenue	100	150
Outflows		
Wages	54	50
Raw materials	28	25
Rent & fuel	22	38
Net cash inflow		
Closing balance		

Calculate the closing balance for November. Show your working.

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

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

1 .....

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2 .....

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

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

1 .....

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2 .....

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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 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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3 Evaluate the importance of market segmentation to FIF when selling exercise equipment to homes and schools (lines 64–68).

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4 Discuss methods that FIF could use to improve quality.

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..... **[16]**

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

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..... **[20]**

Section B Total [72]

Paper Total [90]

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