

**ADVANCED SUBSIDIARY GCE
BUSINESS STUDIES**

Business Functions

F292



Candidates answer on the question paper.

OCR supplied materials:

- Clean copy case study

Other materials required:

- A calculator may be used

**Thursday 20 January 2011
Afternoon**

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, centre number and candidate number in the boxes above. Please write clearly and in capital letters.
- Use black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully. Make sure you know what you have to do before starting your answer.
- Write your answer to each question in the space provided. Additional paper may be used if necessary but you must clearly show your candidate number, centre number and question number(s).
- Answer **all** the questions. You should not need to spend more than 30 minutes on Section A.
- Do **not** write in the bar codes.

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 **20** pages. Any blank pages are indicated.



A calculator may
be used for this
paper

Section A

Answer **all** questions.

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

- 1 (a) State **two** ways in which a firm could segment its market.

1:

2: [2]

- (b) Land is one item listed under the heading of fixed assets on a balance sheet.
Identify **two** other fixed assets.

1:

2: [2]

- (c) Define the term 'quality assurance'.

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..... [2]

- (d) A business sells computer monitors.

57 cm LCD monitors normally sell at a price of £150. During a marketing promotion, the price is lowered to £120 and demand per week increases from 60 to 75 monitors.
Calculate the price elasticity of demand for these monitors.

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Answer: [4]

- (e) Explain **two** disadvantages to a business of having a flat organisational structure.

1:

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[4]

- (f) Outline **two** costs to a firm of holding stock.

1:

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[4]

Section A Total [18]

Section B

Answer **all** questions.

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

- 2** STL has now received a confirmed order for its three fudge products from the largest supermarket chain. It wants 500,000 boxes of each of the three flavoured fudge products and will pay STL a fixed price of £0.94 for each box.

- (a)** Calculate the total contribution of this order.

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Answer: [4]

- (b) With reference to both quantitative and qualitative data, assess whether STL should accept this order from the largest supermarket chain. Justify your decision.

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[16]

- 3 Discuss the benefits to STL of using marketing techniques such as the Boston Matrix and the product life cycle to make decisions about its product portfolio.

- 4 Eve has suggested producing the hand-iced biscuits using a flow production method instead of batch production (lines 74–80).

Evaluate factors which should be considered before a decision is made to change the method of production.

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[16]

- 5* Evaluate the changes to Belinda's leadership style that may be necessary as STL continues to grow.

[20]

Section B Total [72]

Paper Total [90]

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