

Candidate forename						Candidate surname					
Centre number						Candidate number					

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**  
**A2 GCE**  
**F248/01**  
**APPLIED BUSINESS**  
**Strategic Decision-Making**

**THURSDAY 14 JUNE 2012: Afternoon**  
**DURATION: 2 hours**  
**plus your additional time allowance**  
**MODIFIED ENLARGED**

**Candidates answer on the Question Paper and separate A3 answer booklet.**

**OCR SUPPLIED MATERIALS:**

**Clean copy Case Study**  
**A3 answer booklet inserted**

**OTHER MATERIALS REQUIRED:**

**A calculator may be used for this paper**

**READ INSTRUCTIONS OVERLEAF**

## **INSTRUCTIONS TO CANDIDATES**

- Write your name, centre number and candidate number in the boxes on the first page of this Question Paper and separate A3 Answer Booklet. Please write clearly and in capital letters.
- Use black ink. HB pencil may be used for graphs and diagrams only.
- Answer ALL the questions.
- 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 except for answers to questions 2(a)(i), 2(a)(ii) and 4(a) which should be answered in the A3 separate Answer Booklet.
- Additional paper may be used if necessary but you must clearly show your candidate number, centre number and question number(s).

## **INFORMATION FOR CANDIDATES**

- The number of marks is given in brackets [ ] at the end of each question or part question.
- Your Quality of Written Communication will be assessed in questions marked with an asterisk (\*).
- The total number of marks for this paper is 100.

## **INSTRUCTIONS TO CENTRES**

- The Question Paper AND A3 separate Answer Booklet must be secured together with a treasury tag and sent to OCR for marking.

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- 1 Rachel, *FONTANE LTD*'s Managing Director, uses human-resource indicators to set goals for the organisation. Table 1 shows the **PERFORMANCE DATA FOR *FONTANE LTD***.

**TABLE 1**

<b>PERFORMANCE DATA FOR <i>FONTANE LTD</i></b>			
	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Total number of staff</b>	<b>34</b>	<b>34</b>	<b>35</b>
<b>Rate of absenteeism</b>	<b>3%</b>	<b>2%</b>	<b>3%</b>
<b>Chocolate fountains produced</b>	<b>35 500</b>	<b>36 000</b>	<b>37 500</b>

(a) What is meant by the term 'rate of absenteeism'?

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[3]

- (b) Using the information given in TABLE 1, calculate *FONTANE LTD*'s labour productivity for 2011. Show your working. [2]

**Workings:**

**Labour productivity for 2011 = \_\_\_\_\_**  
**chocolate fountains per worker**

**(c) Explain TWO advantages to an organisation such as *FONTANE LTD* of setting business goals.**

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

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

**[Total: 9]**

**2 Current data for *FONTANE LTD* indicates:**

- an average selling price of £35 per chocolate fountain;
  - variable costs per chocolate fountain of £9.60 for labour and £5.40 for materials;
  - fixed costs of £500 000 per annum.
- (a) (i) On the grid in the separate A3 Answer Booklet, construct a break-even chart for *FONTANE LTD*'s current situation. [6]
- (ii) Clearly label the BREAK-EVEN POINT, and areas of PROFIT and LOSS on your break-even chart in the separate A3 Answer Booklet. [3]

**Use the space below to show your workings.**

**Show your workings:**

- (b) Given the current data for *FONTANE LTD*, calculate how much profit it would make if it sold 38 000 chocolate fountains in a year. Show your workings. [4]

Workings:

Profit = £ \_\_\_\_\_

- (c) Evaluate the usefulness of break-even analysis to *FONTANE LTD*.

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[illegible]

[illegible]

**[Total: 21]**

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[4]

[illegible]

[illegible]



**4 Rachel wants to produce a decision tree in order to help evaluate the expansion options being considered by *FONTANE LTD*.**

**(a) Look at the diagram in the separate A3 Answer Booklet.**

**The diagram shows a decision tree.**

**Complete the decision tree in the separate A3 Answer Booklet by entering the appropriate value into each of the nodes and boxes labelled a–k. A box for your workings is provided below.**

**[11]**

**Workings:**

**(b) Explain TWO limitations of using a decision tree as a decision-making tool.**

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

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

**[Total: 15]**



**5 FONTANE LTD uses a variety of methods to inform its strategic decision-making.**

**(a) Explain ONE disadvantage to FONTANE LTD of using PAYBACK analysis as an investment appraisal technique.**

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**[2]**

**(b) Explain ONE disadvantage to FONTANE LTD of using ARR (accounting (average) rate of return) analysis as an investment appraisal technique.**

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**[2]**

(c) Label the TWO unnamed quadrants in the Ansoff's Matrix grid below. [2]

		PRODUCTS	
		EXISTING	NEW
<b>MARKETS</b>	<b>EXISTING</b>	Market penetration	New product development
	<b>NEW</b>	1. _____ _____ _____	2. _____ _____ _____

(d) State ONE benefit to *FONTANE LTD* of using Ansoff's Matrix as a strategic decision-making tool.

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[1]

(e) Explain ONE drawback to *FONTANE LTD* of using Ansoff's Matrix as a strategic decision-making tool.

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[2]

[Total: 9]

**6 (a) Explain ONE difference between quantitative and qualitative information.**

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**[2]**

[illegible]

[illegible]

[illegible]

**[20]**

**[Total: 22]**



**7** Whichever option *FONTANE LTD* takes, an integrated marketing strategy will be needed.

**(a)** Name TWO elements of the marketing mix.

1. \_\_\_\_\_

\_\_\_\_\_

2. \_\_\_\_\_

\_\_\_\_\_ [2]

**(b)** Explain the benefits to *FONTANE LTD* of having an integrated marketing strategy as it seeks to expand.

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\_\_\_\_\_

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

**[Total: 6]**

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