

**ADVANCED GCE UNIT
APPLIED BUSINESS**

F248

UNIT 9: Strategic Decision-Making
FRIDAY 12 JANUARY 2007

Afternoon

Time: 2 hours

Additional materials: Pre-release case study (clean copy);
Calculator.



Candidate
Name

Centre
Number

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Candidate
Number

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INSTRUCTIONS TO CANDIDATES

- Write your name, Centre Number and candidate number in the boxes above.
- Answer **all** questions.
- Use blue or black ink. Pencil may be used for graphs and diagrams only.
- Write your answers in the spaces provided on the question paper.
- Read each question carefully and make sure you know what you have to do before starting your answer.
- If you run out of space for an answer, continue on the lined pages at the back of this booklet.
- Tell the invigilator if you do not have something that you need.
- Do **not** write in the bar code.
- Do **not** write outside the box bordering each page.

INFORMATION FOR CANDIDATES

- The number of marks available is given in brackets [] at the end of each question or part question.
- The quality of written communication will be taken into account in marking your answer to the question marked with an asterisk (*).
- The total number of marks for this paper is 100.

FOR EXAMINER'S USE	
1	
2	
3	
4	
TOTAL	

This document consists of **14** printed pages and **2** lined pages.

1 (a) Explain what is meant by the term ‘mission statement’.

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..... [2]

(b) State **two** benefits of a mission statement to a business.

1.

.....

2.

..... [2]

(c) (i) Label the **four** quadrants in the grid below to demonstrate Ansoff’s Matrix. [4]

(ii) Insert each of the **three** options available to Sunneydale Farm in the correct quadrant. [3]

		PRODUCTS	
		EXISTING	NEW
MARKETS	EXISTING	1.	2.
	NEW	3.	4.

2 (a) Explain what is meant by the term 'stakeholder'.

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..... [2]

(b) Identify **three** possible stakeholders in Sunneydale Farm.

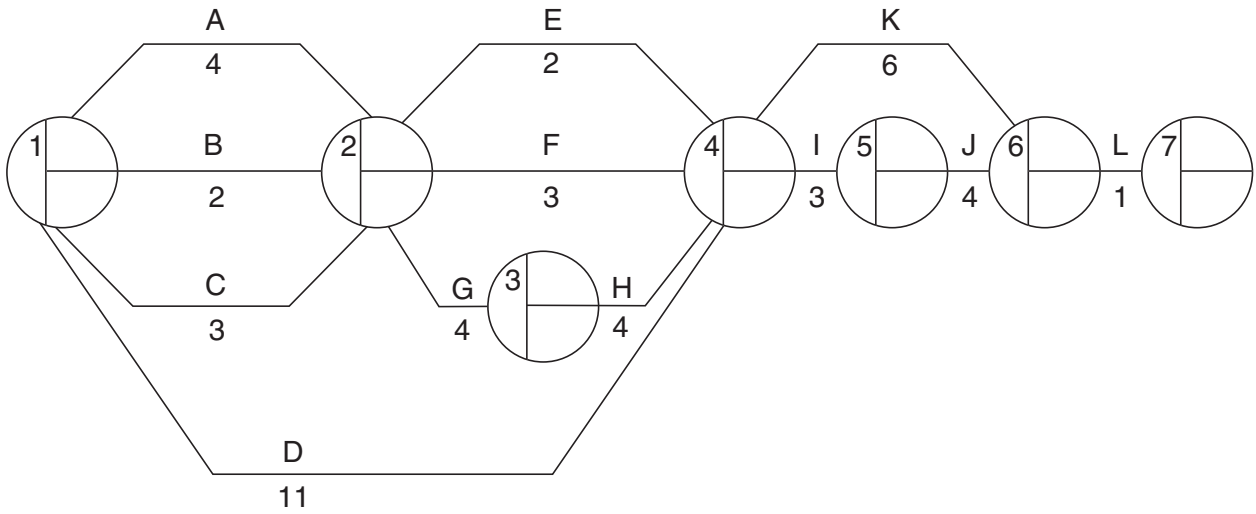
1.
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2.
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3.
..... [3]

- 3 As part of the planning for **Option 1 – The Sunneydale Farm Park** Charlie and Henry have been advised by Tony to prepare a simple list of steps they will have to complete to successfully meet a launch date.

The steps in the process as devised by Charlie and Henry can be summarised in the following table.

Activity	Task	Time Duration (Weeks)
A	Identify competition and strengths/weaknesses	4 weeks
B	Identify appropriate sources of finance	2 weeks
C	Draw up a plan for the proposed site	3 weeks
D	Apply for planning permission	11 weeks
E	Identify building contractors	2 weeks
F	Identify appropriate stock	3 weeks
G	Select and recruit workforce	4 weeks
H	Train workforce	4 weeks
I	Devise marketing strategy	3 weeks
J	Implement initial marketing strategy	4 weeks
K	Complete building renovations	6 weeks
L	Implement launch week of The Sunneydale Farm Park	1 week

- (a) Using the table opposite, complete the EST (earliest start time) and LFT (latest finish time) for each node on the network diagram. [14]



- (b) Identify the activities on the critical path.

..... [2]

- (c) After how many weeks can The Sunneydale Farm Park open for business?

..... [1]

- (d) Identify and explain **one** possible implication to The Sunneydale Farm Park of the granting of planning permission being delayed by two weeks.

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..... [4]

- 4 Tony Swift, as Small Business Advisor to Sunneydale Farm, has come up with the following predictions of returns for each of the three proposed options.

Option 1: Cost £500 000

Year	Net Cash Flow (£)
1	50 000
2	75 000
3	100 000
4	100 000
5	175 000
6	200 000
7	200 000
8	200 000

Option 2: Cost £400 000

Year	Net Cash Flow (£)
1	55 000
2	70 000
3	100 000
4	100 000
5	150 000
6	175 000
7	175 000

Option 3: Cost £150 000

Year	Net Cash Flow (£)
1	15 000
2	15 000
3	22 000
4	22 000
5	25 000
6	25 000
7	26 000
8	40 000
9	40 000
10	45 000
11	50 000

(a) Calculate, showing your workings, the payback period for each of the **three** options. [6]

Option	Workings	Payback period
1		
2		
3		

- (b) Calculate, showing your workings, the ARR for each of the **three** options. Answers should be to **two** decimal places where appropriate. [6]

Option	Workings	ARR
1		
2		
3		

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..... [15]

(d) Tony advised Charlie and Henry to proceed with caution. He has indicated that if they were to go ahead with any of the three options they must commit some of their time to contingency planning.

To what extent might contingency planning help Sunneydale Farm?

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[Total: 36]

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