

**Wednesday 18 January 2012 – Morning**

**A2 GCE APPLIED BUSINESS**

**F248/01 Strategic Decision-Making**

Candidates answer on the Question Paper.

**OCR supplied materials:**

- Clean copy Case Study

**Other materials required:**

- A calculator may be used

**Duration: 2 hours**



Candidate forename		Candidate surname	
-----------------------	--	----------------------	--

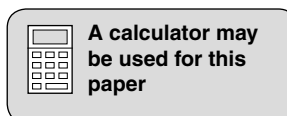
Centre number						Candidate number				
---------------	--	--	--	--	--	------------------	--	--	--	--

**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. 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. Additional paper may be used if necessary but you must clearly show your candidate number, centre number and question number(s).
- 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.
- Your Quality of Written Communication will be assessed in questions marked with an asterisk (\*).
- The total number of marks for this paper is **100**.
- This document consists of **20** pages. Any blank pages are indicated.



1 Pete and Simon have not taken the time to agree a business aim for *Fairburn Farm*.

(a) State **two** benefits to an organisation of having an agreed business aim.

- 1. ....  
.....
- 2. ....  
..... [2]

(b) *Fairburn Farm* has two groups of internal stakeholders – the owners and the farm labourers.

Identify and explain **three** issues over which the **owners** and the **farm labourers** are likely to hold conflicting views.

1: .....

Explanation: .....

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

2: .....

Explanation: .....

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

3: .....

Explanation: .....

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
..... [9]

(c) List **two** external stakeholders of *Fairburn Farm*.

1. ....

2. .... [2]

[Total: 13]

Table 1

<b>Fairburn Farm Performance Data 2011</b>		
	<b>Soft fruit</b>	<b>Orchard fruit</b>
Total output of fruit in kilograms	200 000	500 000
Fruit wasted in kilograms	50 000	50 000
Total number of hours of labour time	18 000	16 000
Number of permanent staff	3	5
Number of temporary staff	18	9
Number of permanent staff leaving	2	0
Rate of staff absenteeism	27%	15%

Table 2

<b>Measure</b>	<b>Formula</b>
Labour productivity	$\frac{\text{Total output}}{\text{Number of labour hours}}$
Wastage rate	$\frac{\text{Wastage}}{\text{Total output}} \times 100$
Rate of labour turnover	$\frac{\text{Number of staff leaving per annum}}{\text{Number of staff}} \times 100$

2 (a) The rate of absenteeism of farm labourers at *Fairburn Farm* is high.

(i) Explain **one** problem which *Fairburn Farm* is likely to face as a result of high rates of absenteeism amongst its staff.

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

(ii) Explain **two** ways in which Pete and Simon might be able to lower the rate of absenteeism at *Fairburn Farm*.

1. ....  
 .....  
 .....  
 .....  
 .....  
 .....  
 ..... [4]

2. ....  
 .....  
 .....  
 ..... [4]

(b) Using the information given in **Tables 1 and 2**, calculate the following measures of personnel effectiveness for soft fruit production. Show your workings. [6]

Measure	Workings	<i>Fairburn Farm</i> 2011	
		Soft fruit production	Orchard fruit production
Labour productivity		kg per hour	31 kg per hour
Wastage rate		%	10%
Rate of labour turnover of permanent staff		%	0%

(c\*) Evaluate likely reasons for the differences in personnel effectiveness between the soft fruit staff and orchard fruit staff at *Fairburn Farm*.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

A series of 25 horizontal dotted lines spanning the width of the page, intended for writing.

.....

.....

..... [14]

[Total: 26]



3 Pete is currently investigating whether critical path analysis could improve operations at *Fairburn Farm*.

(a) What is critical path analysis?

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

(b) State **two** benefits to a business of using critical path analysis.

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

(c) Pete forecasts the following figures for 2012's production.

Income from soft fruit production	£330 000
Income from orchard fruit production	£450 000
Commission payment to Fruitline Ltd	£430 500
Labour costs	£226 500
Other costs	£127 500

Calculate how much **profit or loss** *Fairburn Farm* will make if Pete's forecasts prove to be accurate. [4]

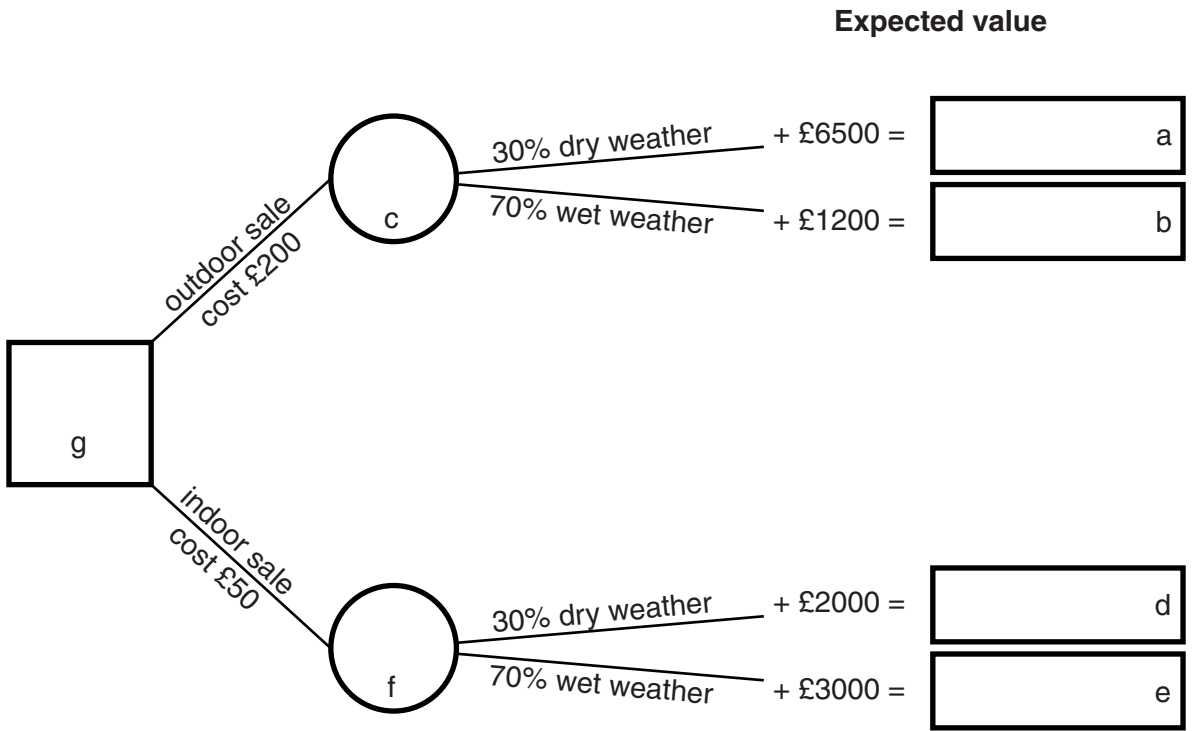
Show your workings:

£ .....

[Total: 8]  
 Turn over

4 Simon is busy arranging the 'bring and buy' sale which he is organising in aid of the local youth club. He is trying to decide whether to hold the sale indoors or outdoors.

(a) Complete the decision tree by entering the appropriate value into each of the nodes and boxes labelled a–g. A box for your workings is provided below. [7]



Workings:

(b) According to the decision tree, where should the 'bring and buy' sale be held?

..... [1]

(c) What is a contingency plan?

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

[Total: 10]



.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

[8]

[Total: 11]

6 The estimated net cash-flow figures for the three options under consideration at *Fairburn Farm* are given below.

	Net cash-flow (£)		
Year	Option 1 Christmas trees	Option 2 Golf range	Option 3 Luxury holiday caravans
0	(900 000)	(640 000)	(460 000)
1	0	35 000	20 000
2	50 000	110 000	80 000
3	100 000	160 000	90 000
4	150 000	210 000	95 000
5	200 000	250 000	100 000
6	200 000	250 000	100 000
7	200 000	250 000	100 000

(a) What is meant by the term 'payback period'?

.....

.....

.....

..... [2]

(b) Calculate the payback period for each of the **three** options. Show your workings. [6]

Option	Workings	Payback period
1		
2		
3		

(c) What is meant by the term 'net present value'?

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

(d) Explain **one** reason why **net present value** calculations might be more useful to *Fairburn Farm* than **payback period** figures.

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

[Total: 12]





A series of 28 horizontal dotted lines spanning the width of the page, providing a template for handwriting practice.



**PLEASE DO NOT WRITE ON THIS PAGE**

**PLEASE DO NOT WRITE ON THIS PAGE**



**Copyright Information**

OCR is committed to seeking permission to reproduce all third-party content that it uses in its assessment materials. OCR has attempted to identify and contact all copyright holders whose work is used in this paper. To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced in the OCR Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download from our public website ([www.ocr.org.uk](http://www.ocr.org.uk)) after the live examination series.

If OCR has unwittingly failed to correctly acknowledge or clear any third-party content in this assessment material, OCR will be happy to correct its mistake at the earliest possible opportunity.

For queries or further information please contact the Copyright Team, First Floor, 9 Hills Road, Cambridge CB2 1GE.

OCR is part of the Cambridge Assessment Group; Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.