

**ADVANCED GCE  
APPLIED BUSINESS**

Unit 9: Strategic Decision-Making

**F248**

Candidates answer on the question paper

**OCR Supplied Materials:**

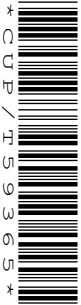
- Clean copy Case Study

**Other Materials Required:**

- Calculator

**Wednesday 10 June 2009  
Morning**

**Duration: 2 hours**



Candidate Forename		Candidate Surname	
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Centre Number						Candidate Number				
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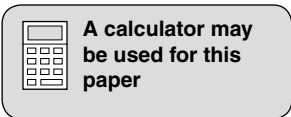
**INSTRUCTIONS TO CANDIDATES**

- Write your name 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.
- Answer **all** the questions.
- Do **not** write in the bar codes.
- Write your answer to each question in the space provided.

**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 **100**.
- The quality of written communication will be taken into account in marking your answer to the question marked with an asterisk (\*).
- This document consists of **20** pages. Any blank pages are indicated.

Examiner's Use Only:			
1			
2			
3			
4			
5			
6			
7			
<b>Total</b>			



1 (a) What is meant by the term 'stakeholder'?

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

(b) State **two** possible stakeholders in Green Farm **before** it had considered electricity generation and explain why each would have been a stakeholder in this business.

Stakeholder 1: .....

Explanation: .....

.....

Stakeholder 2: .....

Explanation: .....

..... [4]

[Total: 6]

2 Keith is very concerned about the efficiency of the farm's wheat harvesting each September. He has produced the data below.

	September 2006	September 2007	September 2008
Wheat harvesting staff employed	2	4	6
Wheat harvested per day (Number of bales)	60	60	66
Wheat wastage level per day (Number of bales)	3	4	7

(a) Calculate the labour productivity per day in September 2008.

Show your working:

Labour productivity per day = .....

[2]

(b) Calculate the wastage level per day in September 2007.

Show your working:

Wastage level per day = .....

[2]

(c) Explain **one** reason why productivity might be falling on the farm.

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[3]

[Total: 7]

- 3 Sue has been given a production schedule (see below) by Eco-Power Ltd for the construction of three large wind turbines.

	Activity	Time (weeks)
A	Draft plans	3
B	Planning permission	17
C	Detailed planning and surveying	8
D	Groundworks	4
E	Foundations	2
F	Off-site wind turbine construction	36
G	Delivery	1
H	Assembly, installation, testing and remedial works	15

- (a) From this series of activities Sue put together a network diagram (see opposite). Complete the EST (earliest start time) and LFT (latest finish time) for each node in the diagram. Nodes 1, 2, 3 and 4 are already completed. [8]
- (b) Calculate the **total** float for activity E.

Show your working:

Total float = .....

[2]

- (c) Calculate the **free** float for activity D.

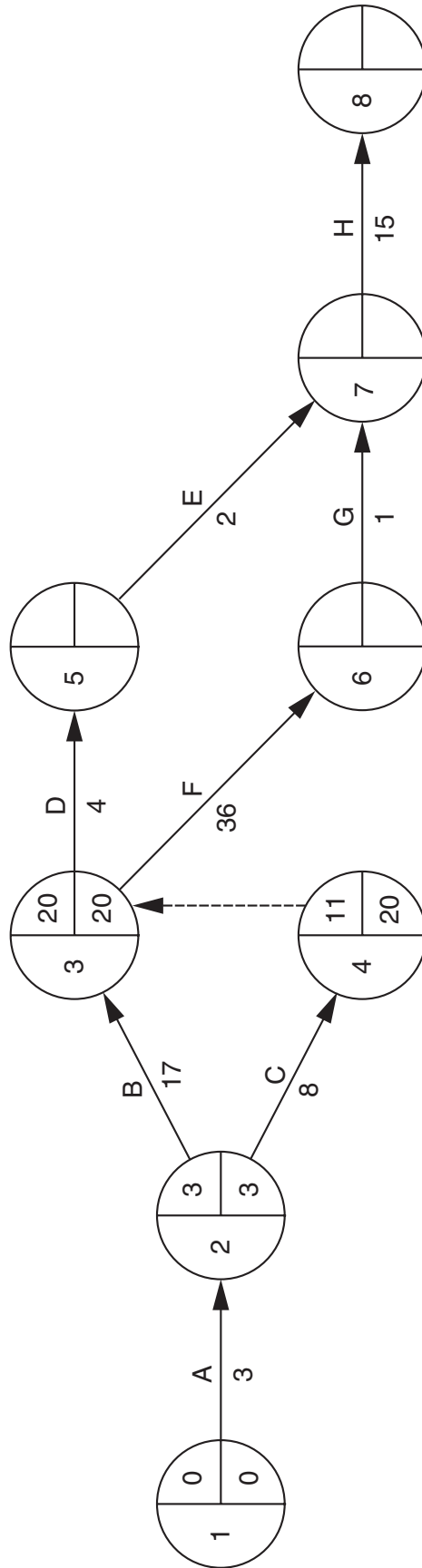
Show your working:

Free float = .....

[2]

Network diagram

5











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**TURN OVER FOR QUESTION 5**

5 Kirsty received a full investment appraisal for each of the three options.

(a) What is meant by the term 'Pay Back Period'?

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..... [2]

(b) What is meant by the term 'Net Present Value'?

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..... [2]

(c) The investment appraisal data for Option One was presented to Kirsty (see Table 1).

**Table 1 – 'Petrol' Oil Seed Crop**

Year	Net cash flow (£)
0	(25 000)
1	9 000
2	12 000
3	16 000
4	20 000
5	20 000

Using Table 2 below, calculate for Option One:

(i) the pay back period; [3]

(ii) the ARR. [4]

**Table 2**

	Working	Answer Option One	Option Two Phase Two – Wind Power	Option Three Paintballing
<b>Pay back period</b>			8 years	4 years
<b>ARR</b>			19%	16%

(iii) Using Table 3 below, calculate the net present value for Option One. [4]

**Table 3**

Year	Net cash flow	Discount factor at 10%	Present value – Option One	Option Two	Option Three
0	(25000)	1.00			
1	9000	0.91			
2	12000	0.83			
3	16000	0.75			
4	20000	0.68			
5	20000	0.62			
Net present value				£71 200	£42 175

(d) Explain **two** reasons why Kirsty might be more tempted to take notice of the **ARR** method than the **pay back period** method.

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[6]

[Total: 21]

- 6 Before Kirsty decides on an option she wants each of Keith, Sue and Roger to produce a clear and precise marketing strategy for the option that they had researched.

Recommend and justify an appropriate marketing strategy for **one** of the three options.

Option Chosen: .....

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..... [12]

7 Kirsty was keen on all three options, but was also beginning to consider a fourth option – do nothing and carry on as normal. She was also keen on using decision-making tools, such as Ansoff's Matrix, to assist her.

(a) Explain the usefulness of Ansoff's Matrix as a decision-making tool to a business such a *GWF*.

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

(b)\* Using Ansoff's Matrix and any other qualitative and/or quantitative information, recommend and justify which option *GWF* should choose.

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