

Thursday 14 June 2012 – Afternoon

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	
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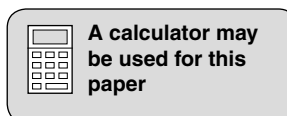
Centre number						Candidate number				
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INSTRUCTIONS TO CANDIDATES

- Write your name, centre number and candidate number in the boxes above. Please write clearly and in capital letters.
- Use black ink. 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.



(c) Explain **two** advantages to an organisation such as *Fontane Ltd* of setting business goals.

- 1.
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.....
 - 2.
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- [4]

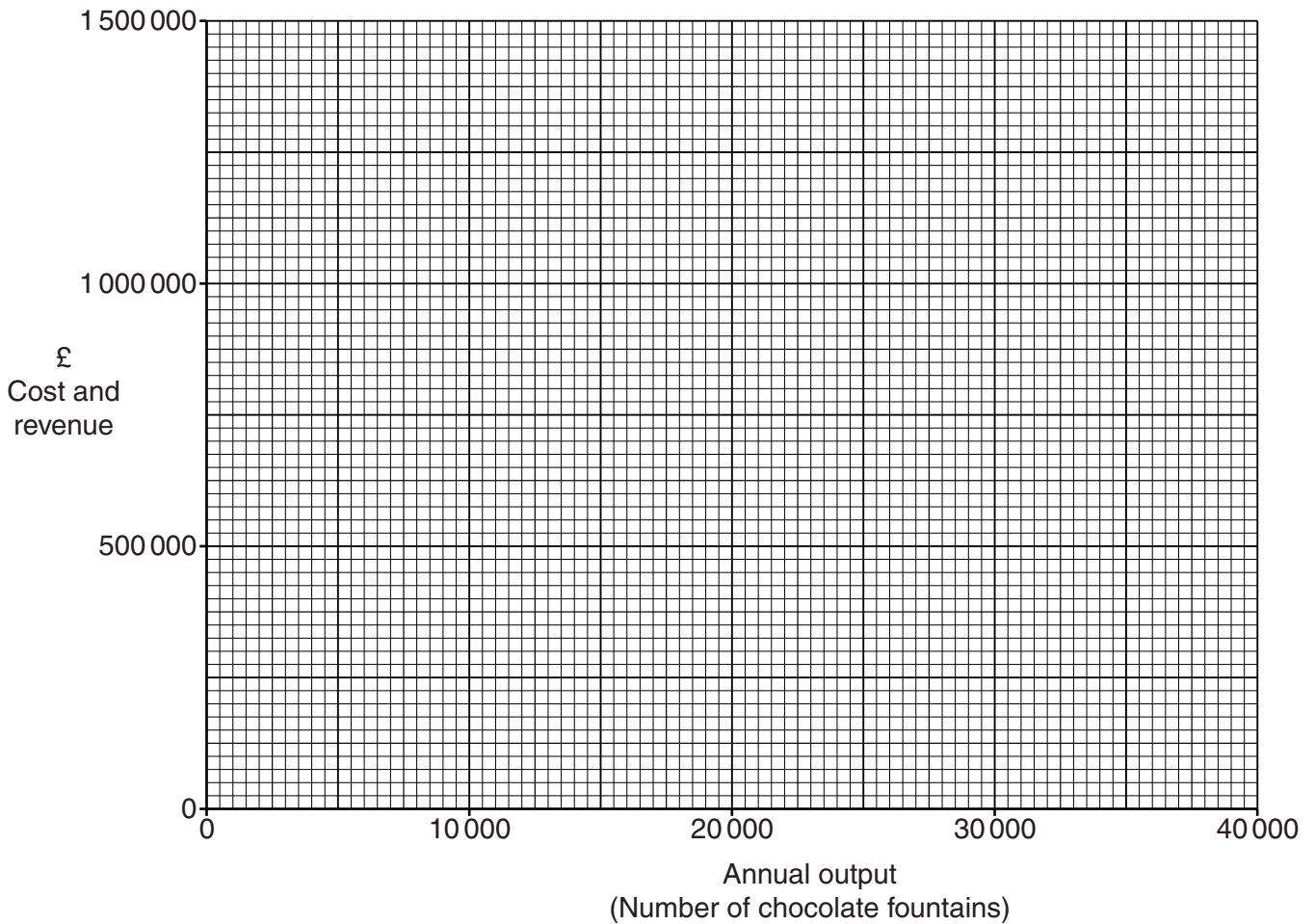
[Total: 9]

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 provided below, 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. [3]

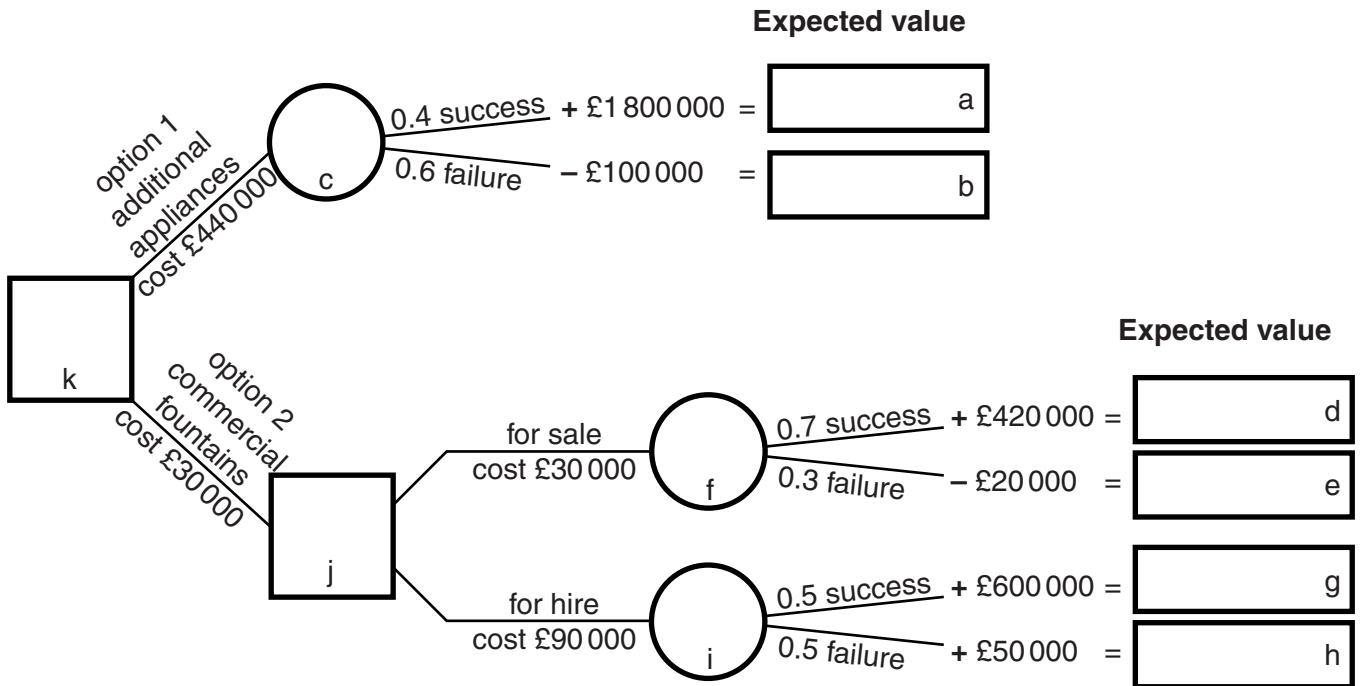


Show your workings:

A series of 25 horizontal dotted lines spanning the width of the page, providing a template for handwriting practice.

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

(a) Complete the decision tree below 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.
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.....
.....
.....
 - 2.
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.....
.....
- [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.

.....

.....

.....

..... [2]

(b) Explain **one** disadvantage to *Fontane Ltd* of using **ARR** (accounting (average) rate of return) analysis as an investment appraisal technique.

.....

.....

.....

..... [2]

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

		Products	
		Existing	New
Markets	Existing	Market penetration	New product development
	New	1.	2.

(d) State **one** benefit to *Fontane Ltd* of using Ansoff's Matrix as a strategic decision-making tool.

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

(e) Explain **one** drawback to *Fontane Ltd* of using Ansoff's Matrix as a strategic decision-making tool.

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

[Total: 9]

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.....

..... [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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