



Oxford Cambridge and RSA

**Monday 12 June 2017 – Afternoon**

**A2 GCE APPLIED BUSINESS**

**F248/01 Strategic Decision-Making**

8  
7  
3  
8  
0  
2  
N  
7  
0  
3  
1  
\*

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 barcodes.

**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 the question 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.



A calculator may  
be used for this  
paper

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Answer **all** the questions.

1 (a) State what is meant by the term 'business aim'.

..... [1]

(b) Identify **one** reason why business objectives should be specific.

..... [1]

(c) Identify **two** external stakeholder groups of *Traditional Timber Toys Ltd (TTT Ltd)* who are likely to benefit from its environmentally-friendly trading practices.

1.....

2.....

[2]

2 Halep, the Human Resources Director, is concerned about the motivation levels of *TTT Ltd's* Sales Assistants. 2016 workforce data for *TTT Ltd* is given in **Table 1** below.

**Table 1**

<i>Traditional Timber Toys Ltd</i> 2016 workforce data	Store Managers	Sales Assistants
<b>Total number of labour days</b>	<b>10400</b>	<b>68200</b>
<b>Total number of days staff arrived late for work</b>	<b>148</b>	<b>8184</b>
<b>Total number of days staff absent without authorisation</b>	<b>52</b>	<b>5456</b>
<b>Total number of staff who left employment</b>	<b>2</b>	<b>20</b>

(a) Using the information given in **Table 1**, calculate the 2016 absenteeism rate for:

- *TTT Ltd's* Store Managers
- *TTT Ltd's* Sales Assistants.

	Workings	2016 Absenteeism rate
<b><i>TTT Ltd's</i> Store Managers</b>		..... %
<b><i>TTT Ltd's</i> Sales Assistants</b>		..... %

[4]

(b) Halep is considering recommending a pay rise for all of *TTT Ltd's* Sales Assistants in an attempt to improve their motivation levels.

Explain **two** ways in which giving *TTT Ltd's* Sales Assistants a pay rise may impact on the internal finances of the company.

1.....

.....

.....

2.....

.....

.....

[4]

(c) State **two** non-monetary ways of improving the motivation levels of *TTT Ltd's* Sales Assistants.

1.....

.....

2.....

.....

[2]

(d)\* Evaluate likely benefits to *TTT Ltd* of improving the motivation levels of its Sales Assistants.

[14]

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.....





3 (a) State what is meant by the term 'break-even point'.

[1]

[1]

**(b)** State the formula for calculating unit contribution.

[1]

[1]

(c) Evaluate the usefulness of break-even analysis to *TTT Ltd.*

[8]



10

4 *TTT Ltd's* operations are affected by changes in its external business environment.

(a) State the meaning of each of the economic factors given below and suggest **one** way in which an **increase** in each factor might impact on *TTT Ltd*.

External factor	Meaning	Impact on <i>TTT Ltd</i> of an <b>increase</b> in the external factor
<b>Inflation</b>		
<b>Interest rates</b>		
<b>Taxation</b>		
<b>Employment levels</b>		

[8]

(b) Identify **one** social trend which may have a positive impact on future sales of wooden toys at *TTT Ltd's* 40 stores.

.....

[1]

5 The strategic options under review at *TTT Ltd* need to be carefully considered.

(a) Consider **Option 1 – Online presence**.

State **two** secondary research sources *TTT Ltd* could use to investigate the online market for traditional wooden toys.

1.....

.....

2.....

.....

[2]

(b) Consider **Option 2a – Bamboo toys**.

Explain **two** impacts on *TTT Ltd's Store Managers* of the company selling toys made of bamboo.

1.....

.....

.....

2.....

.....

.....

[4]

(c) Consider **Option 2b – Mechanical kits**.

State **two** benefits to *TTT Ltd* of minimising wastage levels at its proposed production facility.

1.....

.....

2.....

.....

[2]

(d) Consider **Option 3 – Concession agreement**.

Fiona, the Finance Director, has now produced estimated net cash-flow figures for **Option 3 – Concession agreement** as shown in **Table 2** below.

**Table 2**

Year	Estimated net cash-flow in £s
0	(750 000)
1	600 000
2	600 000
3	600 000
4	600 000

(i) Calculate the payback period for **Option 3 – Concession agreement**.

Show your workings:

Payback period = .....

[2]

13

(ii) Calculate the ARR (accounting (average) rate of return) for **Option 3 – Concession agreement**.

Show your workings:

ARR = ..... %

[2]

(iii) Using the 10% discount factors shown in **Table 3** below, calculate the NPV (net present value) for **Option 3 – Concession agreement**.

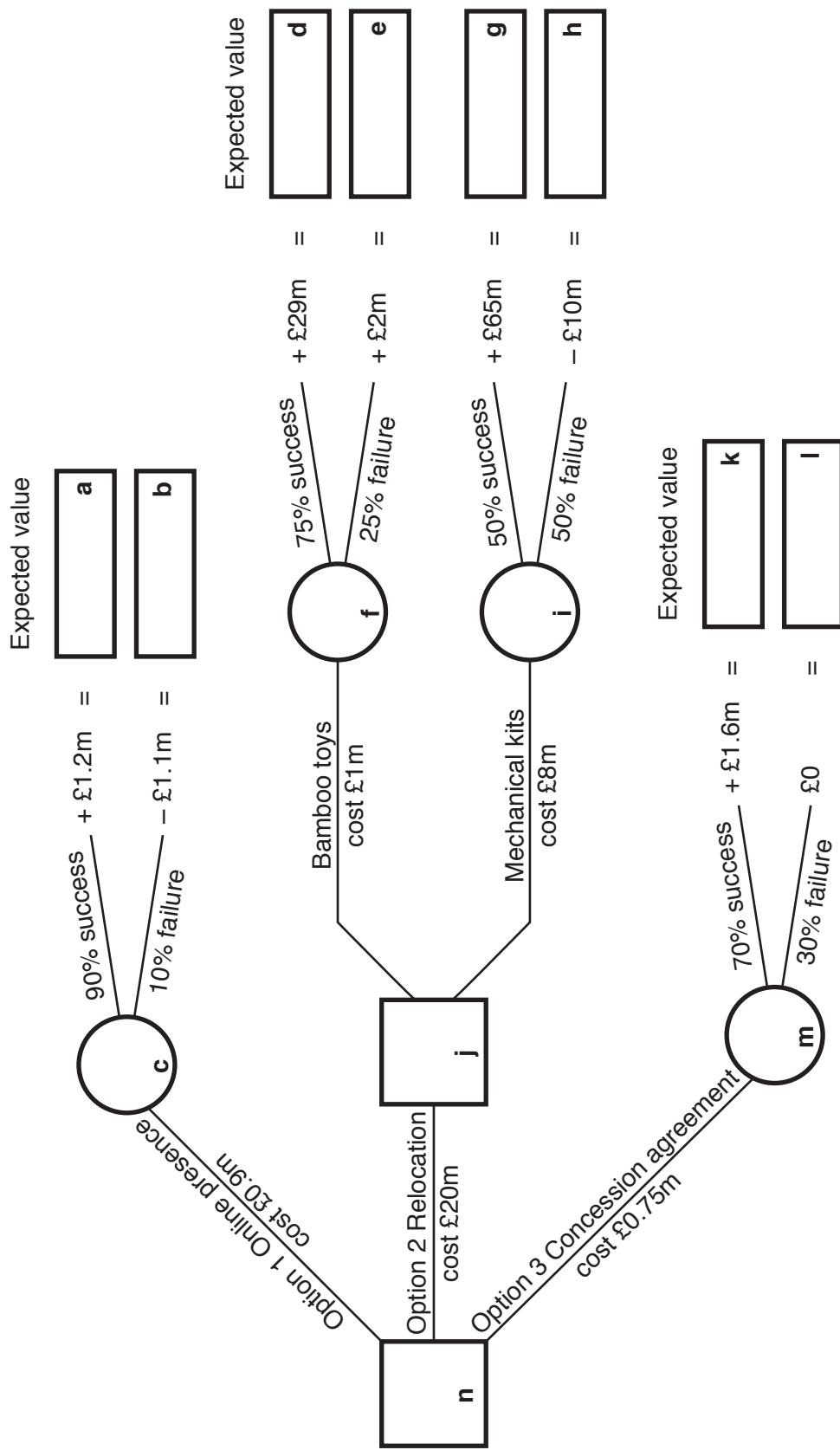
Table 3

Option 3 – Concession agreement			
Year	Estimated net cash-flow	Discount factor at 10%	Present value
0		1.000	
1		0.909	
2		0.826	
3		0.751	
4		0.683	
NPV			£

[2]

6 Benedict wishes to use a decision tree to help evaluate the strategic options under consideration at *TTT Ltd*.

Complete the decision tree by entering the appropriate value into each of the nodes and boxes labelled **a - n**. A box for your workings is provided on the page opposite.



Workings

7 (a) Benedict uses Ansoff's Matrix when considering a change of strategic direction.

(i) Name the quadrant of Ansoff's Matrix applicable to:

- **Option 1 – Online presence**

.....

- **Option 2a – Bamboo toys**

.....

- **Option 2b – Mechanical kits.**

.....

[3]

(ii) Explain why Ansoff's Matrix is of little value to Benedict when considering **Option 3 – Concession agreement.**

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[2]

(b) Using **both** quantitative and qualitative information, evaluate which option **(1, 2a, 2b or 3)** *TTT Ltd* should choose.

[20]

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END OF QUESTION PAPER

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