Cambridge Assessment International Education

Cambridge IGCSE™

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

BUSINESS STUDIES **0450/11**

Paper 1 Short Answer and Data Response **May/June 2025**

1 hour 30 minutes

You must answer on the question paper.

No additional materials are needed.

INSTRUCTIONS

- Answer **all** questions.
- Use a black or dark blue pen. You may use an HB pencil for any diagrams or graphs.
- Write your name, centre number and candidate number in the boxes at the top of the page.
- Write your answer to each question in the space provided.
- Do **not** use an erasable pen or correction fluid.
- Do **not** write on any bar codes.
- You may use a calculator.

INFORMATION

- The total mark for this paper is 80.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **12** pages. Any blank pages are indicated.

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[Turn over

1 Brendan wants to be a successful entrepreneur. He plans to start up a flower shop using government support. Brendan's brother has offered to form a business partnership with him. Brendan knows it is important for a new business to use a suitable pricing method. He has already identified ways the business can increase added value. Brendan wants to know how an economic boom might affect his business.

(a) Define 'business partnership'.

View solution

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..... [2]

(b) Identify **two** ways a government can support business start-ups.

View solution

Way 1: .....

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Way 2: .....

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(c) Outline **two** ways an economic boom might affect Brendan's business.

View solution

Way 1: .....

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Way 2: .....

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(d) Explain **two** ways Brendan could increase added value for his business.

View solution

Way 1: .....

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Explanation: .....

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Way 2: .....

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Explanation: .....

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(e) Explain **two** pricing methods a new business might use. Which is likely to be the best method to use? Justify your answer.

View solution

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2 NSL is a business based in country X. It manufactures food products including bread and breakfast cereals. NSL uses lean production in its factory. Maintaining quality is important. NSL imports 15% of its raw materials. Changes in country X's exchange rate can affect businesses which import raw materials. NSL's Marketing Manager knows the business should respond to changes in consumer spending patterns. She is aware that market research can be used to help make business decisions.

(a) Identify **one** way each of the following changes in country X's exchange rate might affect businesses which import raw materials.

View solution

Depreciation: .....

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Appreciation: .....

..... [2]

(b) Identify **two** reasons why consumer spending patterns might change.

View solution

Reason 1: .....

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Reason 2: .....

..... [2]

(c) Outline **two** reasons why maintaining quality is important for NSL.

View solution

Reason 1: .....

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Reason 2: .....

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(d) Explain **two** benefits to NSL of using lean production.

View solution

Benefit 1: .....

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Explanation: .....

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Benefit 2: .....

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Explanation: .....

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(e) Explain **two** methods of market research a business could use to help make business decisions. Which is likely to be the best method for a manufacturing business to use? Justify your answer.

View solution

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3 LFK is a coal-mining business. It has 135 employees who are all provided with training. After the dismissal of one of LFK's employees there is a job vacancy for a new supervisor. External recruitment will be used. The Managing Director is preparing a cash flow forecast for LFK. An extract is shown in Table 3.1.

Table 3.1

Extract from LFK's cash flow forecast July - September 2025 $000			
	July	**August**	**September**
Cash inflow	600	400	730
Cash outflow	720	**X**	590
Net cash flow	(120)	(100)	140
Opening balance	40	(80)	(180)
Closing balance	(80)	(180)	**Y**

(a) Define 'dismissal'.

View solution

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(b) Calculate the value of **X** and **Y**.

View solution

X: .....

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Y: .....

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(c) Identify **four** reasons why a cash flow forecast might be useful to a business.

View solution

Reason 1: .....

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Reason 2: .....

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Reason 3: .....

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Reason 4: .....

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(d) Explain **two** advantages of LFK training its employees.

View solution

Advantage 1: .....

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Explanation: .....

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Advantage 2: .....

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Explanation: .....

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(e) Do you think the advantages of external recruitment for a business are greater than the disadvantages? Justify your answer.

View solution

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4 PKN manufactures glass. Contributing to sustainable development is important to the business. PKN has factories in 30 countries. It has 27 000 employees. The Managing Director knows PKN has benefited from globalisation. She plans to expand the business using external growth. Retained profit is one source of finance a business could use to fund expansion. Some of PKN's directors are concerned about possible diseconomies of scale as the business grows.

View solution

(a) Identify **two** methods of external growth a business might use.

Method 1: .....

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Method 2: .....

..... [2]

View solution

(b) Identify **two** reasons for globalisation.

Reason 1: .....

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Reason 2: .....

..... [2]

View solution

(c) Outline **two** ways PKN could contribute to sustainable development.

Way 1: .....

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Way 2: .....

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..... [4]

(d) Explain **two** diseconomies of scale which might affect PKN as it grows.

View solution

Diseconomy 1: .....

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Explanation: .....

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Diseconomy 2: .....

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Explanation: .....

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(e) Do you think the advantages of using retained profits to fund business expansion are greater than the disadvantages? Justify your answer.

View solution

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