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CENTRE NUMBER						CANDIDATE NUMBER			

BUSINESS STUDIES **0450/13**

Paper 1 Short Answer and Data Response **May/June 2026**

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. Do **not** use correction fluid or tape.
- 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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1 MCL is a wholesaler which sells fruit and vegetables. Most of MCL's customers are small retail businesses. MCL's owner, George, is aware that the market has become more competitive. He wants to know how a business can respond to an increase in competition. George is reviewing MCL's cash flow forecast. An extract is shown in Table 1.1.

Table 1.1
Extract from MCL's cash flow forecast July - September 2026 ($000)

	July	August	September
cash inflow	**X**	400	380
cash outflow	300	420	350
net cash flow	80	(20)	30
opening balance	70	150	130
closing balance	150	130	**Y**

(a) Identify **two** cash inflows a business might have.

View solution

cash inflow 1 .....

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cash inflow 2 .....

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[2]

(b) Calculate **X** and **Y**.

View solution

X .....

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Y .....

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[2]

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(c) Identify **four** ways a business could respond to an increase in competition.

View solution

way 1 .....

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way 2 .....

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way 3 .....

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way 4 .....

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[4]

(d) Explain **two** ways George could use MCL's cash flow forecast.

View solution

way 1 .....

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explanation .....

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way 2 .....

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explanation .....

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[6]

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(e) Do you think the advantages for a small retail business of buying products from a wholesaler are greater than the disadvantages? Justify your answer.

View solution

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..... [6]

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2 CCH builds large boats in its factory. The business has 1800 employees who are all members of a trade union. All CCH's employees are offered regular on-the-job training. The human resources director uses different financial methods of motivation for CCH's production employees. She knows there are many legal controls over employment that might affect a business. The directors want to know the advantages to CCH of changes in technology.

(a) Identify **two** benefits to employees of being members of a trade union.

View solution

benefit 1 .....

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benefit 2 .....

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[2]

(b) Identify **two** legal controls over employment that might affect a business.

View solution

legal control 1 .....

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legal control 2 .....

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[2]

(c) Outline **two** financial methods of motivation CCH could use for its production employees.

View solution

method 1 .....

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method 2 .....

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[4]

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(d) Explain **two** advantages to CCH of changes in technology.

View solution

advantage 1 .....

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explanation .....

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advantage 2 .....

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explanation .....

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[6]

(e) Do you think the advantages to a business of using on-the-job training are greater than the disadvantages? Justify your answer.

View solution

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[6]

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3 CNR is a bank in country X. It is a private limited company. One of CNR's business objectives is growth and the directors are planning to merge the bank with one of its competitors. This decision will affect many stakeholder groups. After the merger, CNR will have 8000 branches and 36 000 employees. The managing director knows she will have to find a suitable method of communication to inform CNR's employees about the merger.

(a) Define 'business objective'.

View solution

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..... [2]

(b) Identify **two** external stakeholder groups a business might have.

View solution

external stakeholder group 1 .....

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external stakeholder group 2 .....

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[2]

(c) Outline **one** advantage and **one** disadvantage to CNR of being a private limited company.

View solution

advantage .....

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disadvantage .....

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[4]

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(d) Explain **two** methods of communication CNR could use to inform its employees about the merger.

View solution

method 1 .....

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explanation .....

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method 2 .....

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explanation .....

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[6]

(e) Explain **two** possible problems a business might experience as it grows. Which problem is likely to be the most important? Justify your answer.

View solution

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[6]

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4 LKH manufactures clothes. It is a multinational company (MNC) with factories in 3 countries. LKH is affected by import quotas. The operations director wants to improve the quality of LKH's products. Primary market research will be used to find out what customers think about LKH's clothes. The accuracy of the market research data is important.

View solution

(a) Identify **two** methods of primary market research.

method 1 .....

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method 2 .....

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[2]

View solution

(b) Identify **two** factors which could affect the accuracy of market research data.

factor 1 .....

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factor 2 .....

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[2]

View solution

(c) Outline **two** ways import quotas affect LKH.

way 1 .....

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way 2 .....

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[4]

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(d) Explain **two** reasons LKH wants to improve the quality of its products.

View solution

reason 1 .....

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explanation .....

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reason 2 .....

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explanation .....

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[6]

(e) Explain **two** possible disadvantages to a country of a multinational company (MNC) locating there. Which disadvantage is likely to be the most important? Justify your answer.

View solution

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[6]

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