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**BUSINESS STUDIES** **0450/11**

Paper 1 Short Answer and Data Response **October/November 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** WMH is a business which operates in the secondary sector. It makes furniture including tables and chairs. WMH's employees are all members of a trade union. The Managing Director knows the business is likely to remain small. She is considering introducing new technology into WMH's factory. She also knows it is important for a manufacturing business to choose a suitable location for a factory.

**(a)** Define 'trade union'.

View solution

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..... [2]

**(b)** Define 'secondary sector'.

View solution

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**(c)** Identify **four** reasons why a business might remain small.

View solution

Reason 1: .....

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Reason 2: .....

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Reason 3: .....

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Reason 4: .....

..... [4]

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**(d)** Explain **two** possible effects of WMH introducing new technology.

View solution

Effect 1: .....

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Explanation: .....

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Effect 2: .....

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Explanation: .....

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**(e)** Explain **two** factors a manufacturing business should consider when deciding on a suitable location for a factory. Which factor is likely to be the most important? Justify your answer.

View solution

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**2** CPW is a private sector business which has many objectives. It sells electrical goods including kettles and ovens in its 36 shops in country X. CPW also offers a delivery service. The business buys all its inventory from local suppliers to avoid import tariffs. The Finance Director is analysing CPW's statement of financial position. An extract is shown in Table 2.1. He has been asked to find a source of finance to purchase 10 new delivery vehicles.

**Table 2.1**

| **Extract from CPW's statement of financial position for 2024 ($ million)** | |
|---|---|
| Non-current assets | 120 |
| Current assets | 70 |
| Current liabilities | 110 |
| Non-current liabilities | 75 |

**(a)** Define 'import tariff'.

View solution

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**(b)** Identify **one** non-current asset and **one** current liability.

View solution

Non-current asset: .....

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Current liability: .....

..... [2]

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**(c)** Outline **two** ways the information in Table 2.1 might be useful to CPW.

View solution

Way 1: .....

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Way 2: .....

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..... [4]

**(d)** Explain **two** factors CPW should consider when deciding on a source of finance for the new vehicles.

View solution

Factor 1: .....

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Explanation: .....

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Factor 2: .....

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Explanation: .....

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**(e)** Explain **two** objectives a private sector business might have. Which objective is likely to be the most important? Justify your answer.

View solution

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**3** SBL is a fast food restaurant which sells 900 chicken burgers each week. It has 14 employees. The owner, Vicki, provides her employees with training but does not currently use delegation. She is preparing a break-even chart to help calculate SBL's margin of safety. A partially completed break-even chart is shown in Fig. 3.1. Vicki wants to know how an economic recession might affect her business.

**Break-even chart for SBL**

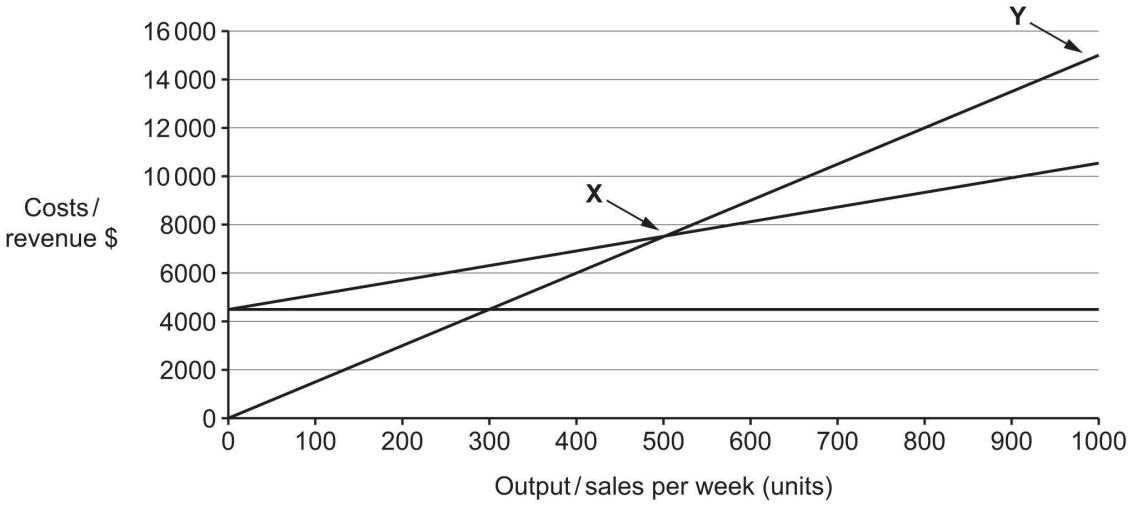


**Fig. 3.1**

**(a)** Identify **X** and **Y**.

View solution

**X**: .....

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**Y**: .....

..... [2]

**(b)** Define 'margin of safety'.

View solution

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**(c)** Outline **two** advantages of Vicki delegating tasks to her employees.

View solution

Advantage 1: .....

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Advantage 2: .....

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**(d)** Explain **two** possible effects an economic recession might have on Vicki's business.

View solution

Effect 1: .....

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Explanation: .....

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Effect 2: .....

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Explanation: .....

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

View solution

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**4** MTL is a large business which sells children's toys. MTL wants to act ethically with all of its stakeholder groups including its 430 employees. The market MTL operates in has become more competitive. The business uses a range of methods to promote its products. Having a good brand image is important. MTL's directors are considering entering a new market in another country. They are aware there may be problems if they choose to do this.

View solution

**(a)** Define 'brand image'.

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View solution

**(b)** Identify **two** reasons why some markets have become more competitive.

Reason 1: .....

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Reason 2: .....

..... [2]

View solution

**(c)** Outline **one** way MTL could act ethically with each of the following stakeholder groups:

Employees: .....

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Customers: .....

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..... [4]

**(d)** Explain **two** problems MTL might have when entering a new market in another country.

View solution

Problem 1: .....

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Explanation: .....

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Problem 2: .....

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Explanation: .....

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**(e)** Explain **two** methods of promotion a business might use for its products. Which method is likely to be the best for a large business to use? Justify your answer.

View solution

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