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Cambridge Assessment International Education

Cambridge IGCSE™

CANDIDATE NAME

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8444167471

BUSINESS STUDIES **0450/12**

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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1 BEI is a multinational company. It manufactures aeroplanes. Quality assurance is important. BEI has 5000 employees. BEI's directors have announced plans to reduce the size of its workforce (downsize). The Human Resources Director is considering which employees to make redundant. Information about employee A can be found in Table 1.1.

Table 1.1

Information about employee A
• Worked at BEI for 1 year
• Worked at another manufacturing business for 12 years
• Able to use most of the machines at BEI
• Often late for work
• Popular with other employees
• Left school with 2 IGCSEs

(a) Define 'quality assurance'.

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(b) Identify **two** reasons why a business might reduce the size of its workforce.

Reason 1: .....

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Reason 2: .....

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(c) Outline, with reference to BEI, the difference between redundancy and dismissal.

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(d) Explain **one** advantage and **one** disadvantage of BEI making employee A redundant.

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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

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2 OTK is a small jewellery shop in the centre of Main City. The business does not currently use ecommerce. OTK buys its jewellery from local suppliers. It pays for the jewellery 30 days later. The shop manager is analysing OTK's cash flow forecast. She is concerned that the business might have a short-term cash flow problem.

(a) Define 'cash flow forecast'.

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(b) Identify **two** reasons why cash is important for a business.

Reason 1: .....

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Reason 2: .....

..... [2]

(c) Identify **four** functions of management.

Function 1: .....

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Function 2: .....

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Function 3: .....

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Function 4: .....

..... [4]

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(d) Explain **two** ways OTK could overcome a short-term cash flow problem.

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** threats to a business of using ecommerce. Which threat is likely to be the most important? Justify your answer.

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3 Miguel plans to start up a gym (sports club). It will offer a range of fitness classes including yoga. The business will be a partnership with his sister. Miguel thinks the size of the business will remain small. Secondary market research will be used to help make decisions including which pricing method to use. Miguel knows it is important for a new business to select a suitable location.

(a) Define 'partnership'.

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(b) Identify **two** ways to measure the size of a business.

Way 1: .....

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Way 2: .....

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(c) Outline **two** pricing methods Miguel could use.

Method 1: .....

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Method 2: .....

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(d) Explain **one** advantage and **one** disadvantage to Miguel of using secondary market research.

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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(e) Do you think access to employees is the most important factor for a new business to consider when deciding on a suitable location? Justify your answer.

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4 DJU manufactures clothing including jeans and trousers. There are 90 employees working in its factory. DJU uses specialisation when making its products. The Managing Director is reviewing DJU's cost and output data. An extract is shown in Table 4.1. She wants to know how lower interest rates might affect the business. DJU's directors are considering different ways a business could grow including taking over a competitor.

Table 4.1

Extract from DJU's cost and output data (per week)	
Fixed costs	$400 000
Total costs	$595 000
Total output	85 000 units

(a) Define 'fixed costs'.

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(b) Calculate DJU's average cost per unit per week. Show your working.

Working: .....

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Final answer: ..... [2]

(c) Outline **two** ways lower interest rates might affect DJU.

Way 1: .....

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Way 2: .....

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(d) Explain **one** advantage and **one** disadvantage to DJU of using specialisation when making its products.

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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(e) Do you think the advantages of taking over a competitor are greater than the disadvantages? Justify your answer.

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