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CAMBRIDGE
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CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

0769548747

BUSINESS STUDIES **0450/12**

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 APL is a public limited company. It manufactures mobile phones. APL has 20 000 employees working in its 5 factories in country X. The business uses many methods to motivate its employees including paying bonuses. Managers are encouraged to use different leadership styles. APL uses external recruitment when recruiting new employees.

(a) Define 'bonus'.

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..... [2]

(b) Identify **two** reasons why people work.

reason 1 .....

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reason 2 .....

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[2]

(c) Outline **two** advantages to APL of using external recruitment.

advantage 1 .....

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advantage 2 .....

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..... [4]

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(d) Explain **two** leadership styles APL's managers could use.

leadership style 1 .....

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explanation .....

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leadership style 2 .....

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explanation .....

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[6]

(e) Do you think the advantages of being a public limited company are always greater than the disadvantages? Justify your answer.

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[6]

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2 Amina is an entrepreneur. She plans to start up a business selling pens and paper and has collected some market research data. Amina has decided to sell her products using ecommerce. She is considering different methods of advertising to use for her pens and paper. Amina wants to know why some businesses remain small.

(a) Define 'entrepreneur'.

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..... [2]

(b) Define 'ecommerce'.

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..... [2]

(c) Outline **two** ways Amina could use the results from her market research.

way 1 .....

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way 2 .....

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[4]

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(d) Explain **two** methods of advertising Amina could use for her products.

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** reasons why a business might remain small. Which reason is likely to be the most important? Justify your answer.

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[6]

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3 BTV's 16 factories use flow production to manufacture cars. Maintaining quality is important. The managing director is reviewing BTV's financial data including profit. An extract is shown in Table 3.1. She knows there are many external users of accounts who are interested in this data.

Table 3.1
Extract from BTV's financial data - December 2025 ($ million)

non-current assets	700
current assets	90
current liabilities	120
non-current liabilities	300
profit	900

(a) Calculate BTV's current ratio. Show your working.

current ratio ..... [2]

(b) Identify **two** external users of accounts.

external user 1 .....

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external user 2 .....

..... [2]

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(c) Identify **four** reasons why quality might be important for a business.

reason 1 .....

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reason 2 .....

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reason 3 .....

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reason 4 .....

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[4]

(d) Explain **two** disadvantages to BTV of using flow production.

disadvantage 1 .....

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explanation .....

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disadvantage 2 .....

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explanation .....

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[6]

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(e) Explain **two** reasons why profit might be important to a business. Which reason is likely to be the most important? Justify your answer.

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4 BRK is a copper mining business which operates in the primary sector. It is a multinational company (MNC) with mines in 15 countries. As a large business BRK benefits from economies of scale. BRK's managing director knows the business creates many external costs. He said: 'I often have to respond to the actions of pressure groups who try to influence BRK's decisions. However, it is important to recognise that a business can create external benefits.'

(a) Define 'primary sector'.

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..... [2]

(b) Identify **two** economies of scale.

economy of scale 1 .....

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economy of scale 2 .....

..... [2]

(c) Outline **two** ways pressure groups might try to influence BRK's decisions.

way 1 .....

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way 2 .....

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..... [4]

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(d) Explain **two** advantages to BRK of being a multinational company (MNC).

advantage 1 .....

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explanation .....

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advantage 2 .....

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explanation .....

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[6]

(e) Explain **two** external benefits a business might create. Which benefit is likely to be the most important? Justify your answer.

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