Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

ENTERPRISE **0454/11**

Paper 1 Case Study **May/June 2018**

MARK SCHEME

Maximum Mark: 100

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

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Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptors for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

GENERIC MARKING PRINCIPLE 5:

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).

GENERIC MARKING PRINCIPLE 6:

Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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Question	Answer	Marks
1(a)(i)	**Explain the term: profit.** When sales revenue is greater than total costs. (2) When revenue minus costs is positive (2) The financial gain an enterprise makes (1) Surplus from sales (1) Money made after break even (1) Final money earned (1)	**2**
1(a)(ii)	**Explain the term: being ethical.** Precise definition (2) Partial definition (1) plus example (1) Actions that follow moral principles, values or beliefs. (2) Doing what you feel is the right/correct/moral thing. (1)	**2**
1(b)	**State <u>two other</u> objectives that an enterprise may have.** 1 mark per objective identified. Answers may include: • Growth/expansion • Survival • Sales revenue growth/maximisation/more customers • Satisficing • Environmental objectives • Helping people/providing a service • Providing an excellent quality product	**2**
1(c)	**Explain <u>two</u> ways that the objectives set in <u>your enterprise project</u> affected the way that the enterprise operated.** Marks awarded per objective explained, as follows: 1 mark – identified example of actions taken. Plus 1 mark – developed explanation showing impact. Answers will depend upon the objectives set and actions taken within their enterprise project but might include: • The need to break even/gain profit meant costs must be controlled • Maximise sales means the product/service must be marketed well • Environmentally conscious/organic would affect actions taken in production Example: Our objective was profit so we had to keep costs low (1) we bought stock in bulk to get discount (+1)	**4**

Question	Answer	Marks
2(a)	**Describe <u>one</u> benefit and <u>one</u> problem of working as a team.** 1 mark per benefit identified Plus 1 mark developed explanation that may include a practical example. Answers may include: • Greater variety of skills/knowledge available • Can share the work • Greater amount of work can be completed • Gain advice/share decision making Example: Everyone completes some work (1) so there is less workload per person (+1) 1 mark per problem identified Plus 1 mark developed explanation that may include a practical example. Answers may include: • Having to rely on others to complete tasks • Not knowing each person's skills • Requires trust • Requires communication skills Example Disagreements can happen (1) which slow the decision-making process. (+1)	**4**
2(b)	**Explain <u>two</u> sources of support that could assist in the start-up and operation of B&K Revision Sheets.** Marks should be awarded for each source as: 1 mark – identification of a source of support 1 mark – use of case study material to identify how the source could assist 1 mark – explanation of the potential impact of the source on the enterprise. Sources of support might include: • Formal sources: government bodies, business agencies, financial institutions and charities. • Informal sources: friends, teachers, parents, other business people • Business networks. Example: A teacher (1) might have given advice on the content for the revision sheets (1) ensuring high quality revision sheets. (+1)	**6**

Question	Answer	Marks
3(a)	**State <u>two</u> ways consumers are protected by the law when they buy a product.** 1 mark per correct way consumers are protected. Answers will depend upon the candidate's own country but might include: • the product is safe for sale/health and safety • the product is fit for purpose – does what it says/quality standard • the product/service is not illegal in the country/sold to wrong age group • advertised fairly/correctly/truthfully	**2**
3(b)	**Explain <u>one</u> method that can be used to reduce the risks involved in setting up an enterprise.** 1 mark – method identified Plus 1 mark – explanation showing how this reduces risk, this may include a practical example Candidates may consider any accepted method to reduce risk which may include: • PESTEL – to identify the risks • Research – to ensure you know the level of risk • Planning – to have contingencies e.g. spare cash For example: PESTEL analysis used (1) so that a strategy can be developed to deal with the risks identified. (1) Completing market research (1) so the risk of not selling is reduced by knowing who will buy. (1)	**2**
3(c)	**Explain to what extent it was important that you identified risks in <u>your enterprise project</u>. Use an example to support your answer.** Marks should be awarded as follows: 2 marks – identification of potential risks in an enterprise/why risk was a problem 2 marks – specific application of risks to candidate's own enterprise experience 2 marks – explanation showing why it was necessary to know the risk Answers will depend upon the individual enterprise. Example: There is a risk of running out of finance (1) or spending more than you earn (1). We had only $50 to start our enterprise (1) and we could not get extra funds from our parents (1). Knowing this risk made us stick to our budget (1) so the enterprise could survive (1).	**6**

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Question	Answer	Marks
4(a)	**Explain the difference between short-term and long-term planning, using an example in each case.** 1 mark – understanding of short-term planning Plus 1 mark – valid example that shows clear understanding of the difference. 1 mark – understanding of long-term planning. Plus 1 mark – valid example that show clear understanding of the difference. Answers might include: Short-term planning: decisions taken in a time period of up to one financial year. Help to achieve overall goals. E.g. advertising campaigns. Long-term planning: decisions taken from twenty-four months to up to 5 years onwards. Aimed to achieve overall goals. E.g. growth of the business. Short-term planning is taking within the year (1), for example the amount to spend on raw materials (1). Whilst long-term planning concerns a time period of over 24 months (1), this might include planning to purchase premises (1).	**4**
4(b)	**State <u>two</u> pieces of information that could be included in a business plan.** 1 mark – per valid point. Answers might include: • Sources of finance • Potential customers • Equipment required • Staff/skills required • Costs • Executive summary	**2**

Question	Answer	Marks
4(c)	**Explain <u>two</u> ways that planning helps an enterprise to be successful.** Marks for each point should be awarded as follows: 1 mark identified point Plus 1 mark developed explanation Answers may include: • Provides a target (1) so the enterprise owners know what they are aiming for (+1) • Shown to financial institution to help obtain a loan (1) therefore more likely to gain finance (+1) • Prevents overspending (1) because a budget is worked out in advance (+1) • Prevents arguments (1) because each person's task is outlined before you start (+1) • Identifies potential problems (1) so you can prepare how to avoid them (1)	**4**
5(a)	**Explain <u>one</u> advantage and <u>one</u> disadvantage of a co-operative as a business organisation.** 1 mark identified advantage/disadvantage Plus 1 mark for each developed explanation. Advantages might include: • Less likely to have disputes (1), as each person is involved in the decision making/One member, one vote (+1) • Limited liability (sometimes) (1), so personal property is safe if the enterprise collapses (+1) Disadvantages might include: • Limited finance available (1), finance often limited to member's own funds (+1) • May lack experience/skills (1) to run all aspects of the enterprise (+1)	**4**

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Question	Answer	Marks
5(b)	**Explain <u>two</u> suitable methods of market research that could have been used to improve the B&K Revision Sheets enterprise.** Marks should be awarded per method of research as: 1 mark – suitable method identified 1 mark – example showing how it could be used by B&K Revision Sheets Plus 1 mark – explanation showing why this is a suitable method. Answers might include: Primary methods – interview, survey, questionnaire, observations, consumer panels, focus groups Secondary methods – other enterprise's records, publications, internet research For example: Focus group (1) of students who might buy revision sheets (1) would help them target the correct market (+1). Examining other revision books (1) would help them decide what should be included in their sheets (1).	**6**

Question	Answer	Marks
6(a)	**Financial planning involves many aspects, including choosing appropriate sources of finance and calculating profit.** **Discuss the importance of financial planning to the successful operation of B&K Revision Sheets.** Application may include: • They thought that profits could be even higher • This would be a low-cost enterprise • The only cost would be printing the revision sheets • They expected profits to be high • Who would pay for the printing? • How would they decide the correct price to charge? **Level 4 (9–10 marks)** Candidate is able to offer a very thorough discussion of the importance, or not, of financial planning or its elements for the enterprise. There is some consideration of at least one positive and at least one negative aspect of planning in the context of the case study material. **Level 3 (6–8 marks)** Candidate is able to offer an analysis of the importance of financial planning or its elements to the enterprise in the case study. For 8 marks there must be some attempt to discuss more than one aspect. **Level 2 (3–5 marks)** Candidate is able to apply knowledge and understanding of financial planning or its elements to the enterprise in the case study. For 5 marks there must be some attempt to apply more than one point. **Level 1 (1–2 marks)** Candidate is able to demonstrate some knowledge and understanding of financial planning or its elements. There is no application to an example. **Level 0 (0 mark)** Candidate is unable to demonstrate any knowledge or understanding of financial planning or its elements.	**10**

Question	Answer	Marks
6(b)	**Enterprises must be aware of:** • **the income of their potential customers** • **their own ability to meet the demand for their product** • **the quality of the final product sold.** **Evaluate the importance of each of these factors to the success of B&K Revision Sheets.** Application may include: • The customers would be students • The enterprise produced several revision sheets which sold within the first day • With a team of students, they could produce more sheets • Who would make sure the sheets were of good quality? **Level 4 (10–15 marks)** Candidate is able to offer a very thorough evaluation of the importance of at least two of the factors listed. For 13 plus marks, evaluation needs to be explicit and logical and make some consideration of all three elements. **Level 3 (6–9 marks)** Candidate is able to offer an analysis of the importance of the factors to this enterprise. At this level answers may be one sided, one factor may be considered in depth, or two in less detail. **Level 2 (3–5 marks)** Candidate is able to apply knowledge and understanding of the factors with reference to the case study material. **Level 1 (1–2 marks)** Candidate is able to demonstrate some knowledge and understanding of factors. **Level 0 (0 mark)** Candidate is unable to demonstrate any knowledge or understanding of the factors identified.	**15**

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Question	Answer	Marks
7(a)	**Planning involves enterprises regularly setting aside time to answer key strategic questions.** **Analyse the importance to <u>your enterprise project</u> of regularly setting aside time to review progress.** Application: To be credited, application must clearly relate to how the questions were used within the candidate's own enterprise experience. **Level 4 (9–10 marks)** Candidate is able to offer a discussion of the importance of reviewing progress in the context of their own enterprise experience. The positives and negatives of such reviews should be considered. **Level 3 (6–8 marks)** Candidate is able to offer an analysis of the importance of reviewing progress within their enterprise project. For 8 marks there must be some attempt to discuss more than one aspect. **Level 2 (3–5 marks)** Candidate is able to apply knowledge and understanding of the importance of reviewing progress within their enterprise experience with the use of examples. For 5 marks there must be some attempt to apply more than one factor. **Level 1 (1–2 marks)** Candidate is able to demonstrate some knowledge and understanding of the importance of reviewing progress. There is no application to an example. **Level 0 (0 mark)** Candidate is unable to demonstrate any knowledge or understanding of the concept.	**10**

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Question	Answer	Marks
7(b)	**Communication between Kayla and Baruti was not always effective.** **Evaluate the success of the different types of communication used in <u>your enterprise project</u>. Use examples of communication with stakeholders to support your answer.** **Level 4 (10–15 marks)** Candidate is able to offer a very thorough evaluation of the communication methods used in their own enterprise project. The advantages and disadvantages of at least two communication methods will be considered in detail. For 13 plus marks, evaluation of success needs to be explicit and logical. **Level 3 (6–9 marks)** Candidate is able to offer an analysis of the success of communication methods within their enterprise project. At this level answers may be one sided – the success of one method may be considered in depth, or two in less detail. **Level 2 (3–5 marks)** Candidate is able to apply knowledge and understanding of communication methods to their enterprise. Examples may be given to illustrate communication methods used within their enterprise project. **Level 1 (1–2 marks)** Candidate is able to demonstrate some knowledge and understanding of communication methods within enterprise. There is no application to their enterprise project. **Level 0 (0 mark)** Candidate is unable to demonstrate any knowledge or understanding of communication methods within enterprise.	**15**