Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

ENTERPRISE **0454/12**

Paper 1 Case Study **May/June 2019**

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.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the May/June 2019 series for most Cambridge IGCSE™, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

This syllabus is regulated for use in England, Wales and Northern Ireland as a Cambridge International Level 1/Level 2 Certificate.

© UCLES 2019

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.

© UCLES 2019

Question	Answer	Marks
1(a)	**Explain the term *enterprise.*** A good explanation showing clear knowledge and understanding. [2] A less precise explanation showing some knowledge and understanding. [1] Examples: • Organisation/Business managed by one or more individuals who are able to make decisions/take the initiative/take calculated risks [2] • Business started by an entrepreneur combining factors of production [2] • Business (1) run by an entrepreneur who takes risks [1] • Another name for a business [1] • Enterprise is the ability to take decisions/take the initiative/take calculated risks/be innovative [1]	**2**
1(b)	**State <u>two</u> examples of being enterprising at home.** 1 mark per way identified. Answers may include: • Organising a household job • Taking responsibility for younger children • Taking responsibility for pets • Organising themselves • Earning money for the family • Reusing materials to make a new product	**2**
1(c)	**Explain how using <u>one</u> entrepreneurial skill or attribute helped <u>your enterprise project</u> to succeed.** Marks awarded as follows: 1 mark – identified enterprise skill or attribute. 1 mark – example showing how the skill was applied in own enterprise Plus 2 marks – developed explanation showing how this helped the enterprise project. Examples: • Creativity (AO1) we made our cupcakes very pink (AO2) this ensured our cakes were different to competitors (AO3) and therefore we sold more (AO3) • Team building (AO1) when making the smoothies, John helped me peel the fruit (A02) this helped us complete work faster (AO3) therefore we could serve more customers (AO3)	**4**

Question	Answer	Marks
2(a)	**Explain the term *potential customers.*** A good explanation showing clear knowledge and understanding. [2] A less precise explanation showing some knowledge and understanding. [1] Relevant points might include: Someone who has not bought a product [1] but might be willing to do so at some point.[1]	**2**
2(b)	**Explain <u>one</u> reason why primary market research can be inaccurate.** Marks should be awarded as: 1 mark – identification of a reason for inaccuracy Plus 1 mark – explanation of the reason. Examples may include: • Poor/limited sample chosen [1] so it does not reflect the customers. [+1] • Inadequate number of respondents [1] so insufficient data to analyse [+1] • Observation at the wrong time [1] so the data is unrepresentative of the market [+1]	**2**
2(c)	**Describe <u>one</u> method of secondary market research.** Marks should be awarded as: 1 mark – identification of a method Plus 1 mark – description of the method. Examples may include: • Newspapers [1] articles showing who is buying products [+1] • Other enterprises sales records [1]	**2**
2(d)	**Explain <u>one</u> reason why marketing would be important to Paul's enterprise idea.** Marks should be as: 1 mark – identification of a reason why marketing is important Plus 1 mark – applied to Paul's enterprise Plus 2 marks – developed explanation showing why this is a concern/ impact upon the enterprise Answers may include: • Used to attract customers • Used to persuade people to buy • New business. Example: Paul marketing to attract customers (AO1) as this is a new enterprise idea. (AO2) without marketing people might not buy the chairs (AO3) causing a loss to him. (AO3)	**4**

Question	Answer	Marks
3(a)	**State <u>two</u> responsibilities that entrepreneurs have to their customers.** 1 mark per responsibility identified. Answers might include: • Describing the product accurately • Charging a fair price • Using quality resources • Safety	**2**
3(b)	**Explain the term *risk*.** A good explanation showing clear knowledge and understanding. [2] A less precise explanation showing some knowledge and understanding. [1] Answers: The possibility that events do not turn out as expected. [2] Something with a negative effect [1]	**2**
3(c)	**Explain how Paul's attitude to risk is different from Harriet's attitude to risk. Use examples from the case study to support your answer.** Marks should be awarded as follows: 2 marks – identification of attitudes to risk – seeker/ optimiser/reducer/ avoider 1 mark – stating that Paul does not care about risk/example 1 mark – stating that Harriet is concerned about risks/example Plus 2 marks for justification of the decision in each case. Example: Harriet is a risk reducer (AO1) she is worried about the risks (AO2) Harriet wants to complete research (AO3) so that the enterprise is fully prepared before starting. (AO3) Paul is a risk seeker /optimiser (AO1) he is not worried about the risks (AO2) and is willing to try the enterprise (AO3) without planning. (AO3)	**6**

© UCLES 2019

Question	Answer	Marks
4(a)	**Explain <u>one</u> reason for producing a budget.** 2 marks – developed explanation showing full understanding. 1 mark – basic identification of purpose. Answers may include: • To predict future income and expenditure [1] cash flow forecast [+1] • Identifies where expenditure needs to be controlled (1) so the entrepreneur can take action [+1] • Identifies where the enterprise is doing well [1] so this can be used in the future [+1]	**2**
4(b)	**Explain <u>two</u> ways that Paul's budget would be different from the budget of a larger enterprise.** Each way should be marked as follows: 1 mark – identification of valid point difference 1 mark – reference to Paul's budget/enterprise. Answers might include: • Not divided into departments • Smaller levels of finance/smaller budget • No sub-divisions Examples: • Large enterprises have many departments, and each will have a budget (AO1) Paul's enterprise has only one department (AO2) • Large enterprises will deal in substantial amounts of money (A01) Paul's enterprise is dealing with lesser amounts of dollars. (AO2) • Large businesses will have historic budgets to compare (AO1) Paul is a new enterprise with no previous budget (AO2)	**4**
4(c)	**Calculate Paul's profit if he sells five chairs. Show your working.** 4 marks – correct calculation of profit – ($)10 If correct figure not given marks can be awarded as follows: 1 mark –showing understanding of formula – **Total** revenue minus **total** cost 1 mark – inserting correct figures from data – ($8 × 5) minus ($6 × 5) 1 mark – correct calculation of total revenue – $40 1 mark – correct calculation of total cost – $30 Example: Total revenue minus total cost [1] $8 × 5 = $40 [1] – $6 × 5 = $30 [1] = $10 [1]	**4**
4(d)	**Explain <u>one</u> reason why an enterprise might <u>not</u> receive the profit expected.** 1 mark – identification of a reason Plus 1 mark – explanation of the reason. Answers might include: Sales are lower than expected [1] so revenue is lower[1] Costs might have risen [1] so profit per chair is lower [1]	**2**

Question	Answer	Marks
5(a)	**Explain the term *business plan.*** A good explanation showing clear knowledge and understanding. [2] A less precise explanation showing some knowledge and understanding. [1] Relevant points may include: A document that summarises the main aims/objectives of an enterprise [1] and how those aims/objectives will be achieved. [1]	**2**
5(b)	**Explain <u>two</u> ways that producing a business plan would help in the start-up of an enterprise.** Each way should be awarded as follows: 1 mark – identification of a use/purpose of writing a plan Plus 1 mark – explanation illustrating how the plan/ content helps the enterprise Example: A completed financial plan [1] will help persuade financiers to lend the enterprise money [+1] Researching the costs of the enterprise [1] helps the enterprise ensure that they have the right amount of finance.	**4**
5(c)	**Explain <u>one</u> way that Paul's enterprise idea would improve the environment. Use an example from the case study in your answer.** Marks should be awarded as follows: 1 mark – identifying an improvement to the environment 1 mark – application to Paul's enterprise Up to 2 additional marks – explanation showing how this enterprise idea helps. Example: Rubbish was being thrown away (AO1) Paul used the car tyres (AO2) reducing the amount thrown away (AO3) so there is a lower cost to the environment. (AO3)	**4**

© UCLES 2019

Question	Answer	Marks
6(a)	**Discuss why it is important for the long-term success of Paul's enterprise idea that he deals with customer complaints.** Application marks may be awarded for appropriate use of the following: • No market research • Price of the chair $8 • Recycling • Source of materials/where materials come from • Chairs • New Business • Tyres • Not researched laws and regulations **Level 4 (9–10 marks)** Candidate offers a very thorough discussion of why the enterprise in the case study should deal with complaints. Advantages and disadvantages of various aspects are discussed in the context of the case study material. **Level 3 (6–8 marks)** Candidate offers an analysis of why the enterprise in the case study should deal with complaints. For 7 plus marks, there must be some attempt to discuss two aspects. **Level 2 (3–5 marks)** Candidate applies knowledge and understanding of dealing with complaints applied to the enterprise in the case study. **Level 1 (1–2 marks)** Candidate demonstrates some knowledge and understanding of dealing with complaints, but there is no application to an example. **Level 0 (0 mark)** Candidate is unable to demonstrate any knowledge or understanding of dealing with complaints.	**10**

Question	Answer	Marks
6(b)	**Evaluate whether a government grant would be the <u>most</u> suitable source of finance for Paul's enterprise idea. You should consider <u>two</u> other sources of finance in your answer.** Application marks may be awarded for appropriate use of the following: • Chairs • New Business • No market research • Source of materials/where materials come from • Not researched laws and regulations • Recycling • Tyres • Business plan • Price of the chair $8 **Level 4 (10–15 marks)** Candidate offers a very thorough evaluation of the most suitable method of finance for this enterprise. There must be consideration of grants and two other sources of finance. For 13 plus marks, justification of decision needs to be explicit and logical. **Level 3 (6–9 marks)** Candidate offers an analysis of suitable methods of finance. At this level answers maybe one sided, one source of finance may be considered in depth, or two in less detail. **Level 2 (3–5 marks)** Candidate applies knowledge and understanding of methods of finance, with reference to the case study material. **Level 1 (1–2 marks)** Candidate demonstrates some knowledge and understanding of methods of finance. **Level 0 (0 mark)** Candidate is unable to demonstrate any knowledge or understanding of methods of finance.	**15**

Question	Answer	Marks
7(a)	**Discuss the importance of considering the views and interests of different stakeholders to the start-up and success of <u>your enterprise project.</u>** **Level 4 (9–10 marks)** Candidate offers a discussion of the importance of considering the views and interests of different stakeholders within their enterprise project. **Level 3 (6–8 marks)** Candidate offers an analysis of the importance of considering the views and interests of different stakeholders in their enterprise project. At this level answers may be one-sided. **Level 2 (3–5 marks)** Candidate applies knowledge and understanding of different stakeholders with the use of examples from their own enterprise experience. For 5 marks, two stakeholders should be considered. **Level 1 (1–2 marks)** Candidate demonstrates some knowledge and understanding of different stakeholders. There is no application to an example. **Level 0 (0 mark)** Candidate is unable to demonstrate any knowledge or understanding of stakeholders.	**10**

Question	Answer	Marks
7(b)	**Evaluate whether oral or written communication was, or could have been, <u>most</u> effective within <u>your enterprise project</u> when communicating with two of the following:** **· financial institutions** **· suppliers** **· customers** **· another stakeholder** **Level 4 (10–15 marks)** Candidate offers a very thorough evaluation of the most effective method of communication to use with two of the identified stakeholder groups within their enterprise experience. For 13 plus marks, justification of decision needs to be explicit and logical. **Level 3 (6–9 marks)** Candidate offers an analysis of the effectiveness of oral or written communication when communicating with two of the stakeholder groups within their enterprise experience. At this level answers may be one sided – one stakeholder group may be considered in depth, or two in less detail. **Level 2 (3–5 marks)** Candidate applies knowledge and understanding of the effectiveness of oral or written communication when communicating with two stakeholders in their enterprise project. **Level 1 (1–2 marks)** Candidate demonstrates some knowledge and understanding of the effectiveness of oral and written communication within enterprise There is no application to their enterprise project. **Level 0 (0 mark)** Candidate is unable to demonstrate any knowledge or understanding of oral or written communication within enterprise.	**15**

© UCLES 2019