Cambridge Assessment International Education

Cambridge IGCSE™

ENTERPRISE **0454/12**

Paper 1 Case Study **May/June 2020**

MARK SCHEME

Maximum Mark: 100

Published

Students did not sit exam papers in the June 2020 series due to the Covid-19 global pandemic.

This mark scheme is published to support teachers and students and should be read together with the question paper. It shows the requirements of the exam. The answer column of the mark scheme shows the proposed basis on which Examiners would award marks for this exam. Where appropriate, this column also provides the most likely acceptable alternative responses expected from students. Examiners usually review the mark scheme after they have seen student responses and update the mark scheme if appropriate. In the June series, Examiners were unable to consider the acceptability of alternative responses, as there were no student responses to consider.

Mark schemes should usually be read together with the Principal Examiner Report for Teachers. However, because students did not sit exam papers, there is no Principal Examiner Report for Teachers for the June 2020 series.

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

Cambridge International is publishing the mark schemes for the June 2020 series for most Cambridge IGCSE™ and Cambridge International A & AS Level components, and some Cambridge O Level components.

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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)	**Define the term 'partnership'.** Clear definition or two features [2] Imprecise answer [1] Type of business organisation owned by two or more people. [2] Each member has unlimited liability. [1] Unincorporated business organisation [1]	**2**
1(b)	**State <u>two</u> other types of business organisation, other than partnership.** 1 mark per method Answers might include: • sole traders/proprietors • limited companies • co-operatives • franchises • charities • not for profit enterprises Accept social enterprises [1] or 2 different examples of social enterprises.	**2**
1(c)	**Explain <u>one</u> advantage and <u>one</u> disadvantage to <u>your enterprise project</u> of operating as your chosen type of business organisation.** Each point should be marked as follows: Identification of an advantage/disadvantage [1] Explanation showing why this was an advantage /disadvantage [+1] Application to own enterprise [1] Example: As a sole trader I did not have a lot of money [1] to buy the ingredients to make my first batch of cupcakes. [1] I had to borrow money and pay interest. [+1]	**6**

Question	Answer	Marks
2(a)	**Explain the difference between 'risk-averse' and 'risk-keen'.** Clear definition of both terms showing the difference. [2] Definition of one term [1] Risk averse – a person who tries to avoid risks Risk keen – a person who enjoys taking risks.	**2**

Question	Answer	Marks
2(b)	**Explain how an entrepreneur decides whether a risk is worth taking.** Precise explanation [2] Imprecise explanation showing some idea of one side of the decision-making process. [1] Answers may include: Balancing the potential negative outcomes against the potential positive outcomes [2] Weigh up the chances of the risk happening [1] Identify the consequences if the risk occurred [1] Calculating potential rewards. [1]	**2**
2(c)	**Explain how <u>two</u> risks experienced during <u>your enterprise project</u> had an effect on the enterprise.** Each risk should be marked as follows: Identification of a risk [1] Explanation of the impact on the enterprise [+1] Link to own enterprise experience [1] Risks may include: • Financial • Economic • Health and safety/environmental • Human resource • Production Example: We faced the risk of wasting raw materials [1] if the ice cream melted [1] therefore we would have wasted money and lost revenue. [+1]	**6**

Question	Answer	Marks
3(a)	**State <u>two</u> ways that stakeholders are protected by laws and regulations.** 1 mark per way identified. Answers might include protection in the area of: • employment • production • marketing and selling • finance Accept any practical examples of protection in operation for example Health and Safety legislation.	**2**

Question	Answer	Marks
3(b)	**Describe the term 'ethical considerations'.** Precise definition [2] Imprecise definition with example [2] Imprecise definition showing some understanding [1] Actions that consider moral values and principles [2] Doing the right thing [1] Paying above minimum wage. [1]	**2**
3(c)	**Explain <u>two</u> actions that Kelvin and Shelo could take to be ethical, and include the likely outcome of these actions.** Each point should be marked as follows: Identification of an action to be ethical [1] Example from the case study [1] Explanation linking to ethical behaviour [+1] Answers might include: • giving profit to a charity • paying decent wage per t-shirt to the artist • paying back the loan to their parents • buying Fairtrade t-shirts Example: Shelo wanted to give some of the profit to a charity [1] she wanted to give 25% [+1] helping others is ethical behaviour. [+1]	**6**

Question	Answer	Marks
4(a)	**Define the terms:** Clear definition of terms. [2] Imprecise definition showing some understanding. [1]	
4(a)(i)	**Profit** – total revenue is greater than total costs [2] earning more than spending [1]	**2**
4(a)(ii)	**Trade receivables** – amounts owed to an enterprise for goods sold on credit. [2] Money you will be paid/ are owed [1]	**2**
4(a)(iii)	**Trade payables** – amounts owed (not yet paid) by an enterprise for purchases made. [2] Money you owe/ must pay. [1]	**2**

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Question	Answer	Marks
4(b)	**Calculate the number of cotton bags Kelvin and Shelo would need to sell to break-even, using the information in Fig.1 in the Insert. Show your working.** Correct breakeven of cotton bags [4] – 4.57 or 5 cotton bags 3 marks – 32/(11–4) If amount incorrect marks awarded for process: Correct equation [1] fixed costs/contribution Identification of correct selling price/ total costs/ variable costs [1] Calculation of contribution [1] (11–4) = 7 OFR applies.	**4**

Question	Answer	Marks
5(a)	**State <u>two</u> stages in the negotiation process.** 1 mark per stage correctly identified. Answers might include: • planning • conducting the negotiation • measuring success.	**2**
5(b)	**Describe <u>one</u> situation where a negotiation was necessary during <u>your enterprise project</u>.** Identification of situation in context [1] Explanation of the situation for negotiation [+1] Example: I wanted to sell my cupcakes in the school canteen. [1] I had to negotiate with the canteen staff to agree a suitable time. [1]	**2**
5(c)	**Explain how <u>two</u> factors affected the success of negotiation during <u>your enterprise project</u>.** Each factor should be marked as follows: Identification of a factor [1] Explanation showing how the factor assisted the negotiation [+1] Example of how the factor was applied in their own enterprise negotiation. [1] Example: Being prepared for the negotiation [1] by having a list of other suppliers of t-shirts and their prices [1] meant the supplier was willing to match prices.	**6**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>6(a)</td><td>
Kelvin and Shelo used many enterprise skills during the planning of their cotton bag enterprise.

Discuss how the use of enterprise skills by Kelvin and Shelo could contribute to the success of the cotton bag enterprise. Use examples to support your answer.

You should consider a maximum of three skills in your answer.
<table>
<tr><th>Level</th><th>Description</th><th>Mark</th></tr>
<tr><td>3</td><td>Good analysis consistently applied to the case study

Demonstrates good knowledge of concepts</td><td>8–10</td></tr>
<tr><td>2</td><td>Some analysis supported by good application to the case study

Demonstrates knowledge of concepts</td><td>4–7</td></tr>
<tr><td>1</td><td>Limited application to the case study

Demonstrates knowledge of concepts</td><td>1–3</td></tr>
<tr><td>0</td><td>No creditable response</td><td>0</td></tr>
</table>
Note: the grade descriptions describe performance at the top of the band.

Knowledge could include:
Any skill from topic 3.1 of the syllabus.

Application could include:

Kelvin and Shelo had many creative ideas (creativity)
Kelvin suggested printing cartoons onto bags (innovative)
They divided the work (time management)
They wanted to persevere with the cotton bags (determined to succeed)
Kelvin paid an art student to design produce designs (problem-solving)
They thought they were a strong team as they had been friends for a long time (team building)

Example
Kelvin and Shelo were problem-solving [L1] when they could not use the cartoon, Kelvin paid an art student to produce original designs. [L2] This meant the enterprise could start without breaking the law. [L3]
</td><td>10</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>6(b)</td><td>

Kelvin thought that he might be able to continue the cotton bag enterprise in the future.

Evaluate which will be the <u>most</u> effective method for Kelvin to use to attract new customers if the cotton bag enterprise continues. Use examples to support your answer.

<table>
<tr><th>Level</th><th>Description</th><th>Mark</th></tr>
<tr><td>4</td><td>Clear reasoned evaluation is present

Good analysis applied consistently to the case study

Demonstrates good knowledge of relevant concepts</td><td>12–15</td></tr>
<tr><td>3</td><td>Good analysis applied consistently to the case study is leading to evaluation

Demonstrates knowledge of relevant concepts</td><td>8–11</td></tr>
<tr><td>2</td><td>Some application to the case study supported by some analysis

Demonstrates knowledge of relevant concepts</td><td>4–7</td></tr>
<tr><td>1</td><td>Limited application to the case study

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<tr><td>0</td><td>No creditable response</td><td>0</td></tr>
</table>

Note: the grade descriptions describe performance at the top of the band.

Knowledge could include:
Marketing communications Topic 8.4.

Application could include:
- Kelvin and Shelo are in their final year at school – so finance may be limited
- They decided to produce posters and leaflets to give to every class in the school.
- The school art department agreed to design and print materials.

Example
They could continue to use posters [L1] printed by the school art department [L2] which might be at a lower cost than a printing business. [L3] As final year students [L2} they cannot afford expensive marketing communications. [L3]

</td><td>15</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>7(a)</td><td>
One stage of the enterprise process is to explore creative solutions to problems, such as choosing a product to sell.

Analyse the success of the method(s) used to choose a good or service for <u>your enterprise project</u>.

<table>
<tr><td>Level</td><td>Description</td><td>Mark</td></tr>
<tr><td>3</td><td>Good analysis consistently applied to their own enterprise experience

Demonstrates good knowledge of concepts</td><td>8–10</td></tr>
<tr><td>2</td><td>Some analysis supported by good application to their own enterprise experience

Demonstrates knowledge of concepts</td><td>4–7</td></tr>
<tr><td>1</td><td>Limited application to their own enterprise experience

Demonstrates knowledge of concepts</td><td>1–3</td></tr>
<tr><td>0</td><td>No creditable response</td><td>0</td></tr>
</table>
Note: the grade descriptions describe performance at the top of the band.

Knowledge could include:
Ways to measure the success of their methods could include:

Based upon detailed research
Resulted in a good /service which was wanted by students
All members of the team agreed on the good/service to be produced
Method was quick
Method was inexpensive to use.

</td><td>10</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>7(b)</td><td>
Evaluate the effectiveness of the marketing communications used in <u>your enterprise project</u> to increase consumer awareness of your product. Use examples to support your answer.
<table>
<tr><th>Level</th><th>Description</th><th>Mark</th></tr>
<tr><td>4</td><td>Clear reasoned evaluation is present

Good analysis applied consistently to their enterprise

Demonstrates good knowledge of relevant concepts</td><td>12–15</td></tr>
<tr><td>3</td><td>Good analysis applied consistently to their enterprise is leading to evaluation

Demonstrates knowledge of relevant concepts</td><td>8–11</td></tr>
<tr><td>2</td><td>Some application to their enterprise supported by some analysis

Demonstrates knowledge of relevant concepts</td><td>4–7</td></tr>
<tr><td>1</td><td>Limited application to their enterprise

Demonstrates some knowledge of relevant concepts</td><td>1–3</td></tr>
<tr><td>0</td><td>No creditable response</td><td>0</td></tr>
</table>
Note: the grade descriptions describe performance at the top of the band.

Knowledge could include:
Ways to measure the effectiveness of marketing communications could include:

Was within budget
Reached the target market
Attracted potential customers
Increased sales/revenue/profit.

</td><td>15</td></tr>
</table>

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