Cambridge Assessment International Education

Cambridge IGCSE™

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

6937972035

ENTERPRISE **0454/12**

Paper 1 **May/June 2020**

1 hour 30 minutes

You must answer on the question paper.

You will need: Insert (enclosed)

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.

INFORMATION

- The total mark for this paper is 100.
- The number of marks for each question or part question is shown in brackets [ ].
- You should have received a copy of the case study before the examination. A copy of the case study is provided with this question paper as an insert.

This document has **16** pages. Blank pages are indicated.

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Section A

Answer **all** questions.

1 Kelvin and Shelo thought that they would be a strong team when operating their enterprise as a partnership.

(a) Define the term *partnership*.

.....

..... [2]

(b) State **two** types of business organisation, other than partnership.

1 .....

2 ..... [2]

(c) Explain **one** advantage and **one** disadvantage to **your enterprise project** of operating as your chosen type of business organisation.

Type of business organisation: .....

Advantage .....

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Disadvantage .....

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..... [6]

[Total: 10]

2 Kelvin and Shelo thought that selling cakes in a competitive market would be a risk and they decided to choose another idea.

(a) Explain the difference between *risk-averse* and *risk-keen*.

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..... [2]

(b) Explain how an entrepreneur decides whether a risk is worth taking.

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..... [2]

(c) Explain how **two** risks experienced during **your enterprise project** had an effect on the enterprise.

Risk 1 .....

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Example .....

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Effect .....

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Risk 2 .....

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Example .....

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Effect .....

..... [6]

[Total: 10]

3 The teacher said that it would be illegal to use cartoons from the internet without permission.

(a) State **two** ways that stakeholders are protected by laws and regulations.

1 .....

2 ..... [2]

(b) Describe the term *ethical considerations*.

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..... [2]

(c) Explain **two** actions that Kelvin and Shelo could take to be ethical, and include the likely outcome of these actions.

1 .....

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2 .....

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..... [6]

[Total: 10]

4 Shelo's revised budget showed that they could not afford to make enough cotton bags to break-even.

(a) Define the terms:

(i) *profit*

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..... [2]

(ii) *trade receivables*

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..... [2]

(iii) *trade payables*.

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..... [2]

(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.

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Break-even number of cotton bags = ... [4]

[Total: 10]

5 Kelvin and Shelo each negotiated with their parents.

(a) State **two** stages in the negotiation process.

1 .....

2 ..... [2]

(b) Describe **one** situation where a negotiation was necessary during **your enterprise project**.

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..... [2]

(c) Explain how **two** factors affected the success of negotiation during **your enterprise project**.

1 .....

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2 .....

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..... [6]

[Total: 10]

Section B

Answer **all** questions.

6 **(a)** 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. [10]

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

Evaluate which will be the **most** effective method for Kelvin to use to attract new customers if the cotton bag enterprise continues. Use examples to support your answer. [15]

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[Total: 25]

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7 Now consider **your enterprise project**.

(a) 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 **your enterprise project**. [10]

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(b) Evaluate the effectiveness of the marketing communications used in **your enterprise project** to increase consumer awareness of your product. Use examples to support your answer.

[15]

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