Cambridge Assessment International Education

# Cambridge IGCSE™

**ENTERPRISE** **0454/13**

Paper 1 Case Study **May/June 2021**

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 2021 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.



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**[Turn over**

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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.

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| GENERIC MARKING PRINCIPLE 5:<br><br>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:<br><br>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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**Social Science-Specific Marking Principles**
**(for point-based marking)**

**1 Components using point-based marking:**

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

**a** DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
**b** DO credit alternative answers/examples which are not written in the mark scheme if they are correct
**c** DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
**d** DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
**e** DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
**f** DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
**g** DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

**2 Presentation of mark scheme:**

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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**3 Calculation questions:**

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

**4 Annotation:**

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 1(a) | **Define the term *stakeholder.***<br><br>Precise definition [2]<br>Imprecise definition showing some understanding [1]<br><br>Answers may include:<br>• An individual, group or organisation with an interest in the activities of an enterprise. [2]<br>• Someone interested in the enterprise. [1] | **2** | **AO1 – 2** |
| 1(b)(i) | **Explain why each of the following are stakeholders in Millie's enterprise: the local boat owners**<br><br>Relationship [1]<br>Explanation showing why interested in Millie's enterprise. [1]<br><br>• competitors [1] who are concerned Millie will take their customers [1]<br>• suppliers [1] they provided Millie with a boat. [1] | **2** | **AO1 – 1**<br>**AO2 – 1** |
| 1(b)(ii) | **Explain why each of the following are stakeholders in Millie's enterprise: the people on her sightseeing boat trips.**<br><br>Relationship [1]<br>Explanation showing why interested in Millie's enterprise. [1]<br><br>• Customers [1] who would like to hire Millie/repeat business. [1] | **2** | **AO1 – 1**<br>**AO2 – 1** |

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| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 1(c) | **Describe <u>two</u> reasons why laws or regulations are needed to protect Millie's stakeholders**.<br><br>Each point should be marked as follows:<br>Identification of a reason why a law/regulation is needed [1]<br>Description showing understanding of reason why law/regulation is needed for the stakeholders in Millie's boat enterprise. [+1]<br><br>Answers might include:<br>• marketing/adverts truthful<br>• health and safety regulations/laws/ protect from injury<br>• pricing is fair<br>• fair pay for workers/minimum wage<br>• contract laws/regulation<br><br>Example:<br>Advertisements must be truthful [1] so customers will know what their boat trip includes [+1]<br>Laws/regulations set standards for any transport/machinery [1] so customers will be safe on the boat. | **4** | **AO1 – 2**<br>**AO2 – 2** |

| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 2(a) | **Identify <u>two</u> ways that an entrepreneur can measure the success of their enterprise.**<br><br>Answers might include:<br>• profit earned<br>• sales numbers/number of customers<br>• sales revenue<br>• number of repeat customers<br>• positive feedback from customers. | **2** | **AO1 – 2** |

| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 2(b) | **Explain <u>one</u> reason why it is important that an entrepreneur monitors the progress of their enterprise.**<br><br>Identification of a reason [1]<br>Development showing explanation [+1]<br><br>Answers might include to:<br>• track what has been done [1] avoids duplication of work [+1]<br>• know if achieving goals [1] if not they can adjust to get back on track [+1]<br>• ensure tasks are completed on time [1] so projects are completed within the deadlines [+1]<br>• identify any changes/problems [1] and actions can be taken to correct the issue [+1]<br>• review financial [1] to ensure costs are covered. [+1] | **2** | **AO1 – 2** |
| 2(c)(i) | **Explain <u>one</u> positive effect government policy might have on Millie's boat trip enterprise. Use an example to support your answer.**<br><br>Identification of an impact [1]<br>Explanation showing understanding [+1]<br>Link to case study material [+1]<br><br>Answers might include:<br>• offering new grants<br>• reducing (direct) taxation<br>• increasing training programmes<br>• providing cheap loans/loan guarantees for new enterprise<br><br>Examples:<br>• give grants [1] ensures Millie has money to set up [1] which means she can purchase her new boat [1]<br>• reducing taxation [1] people may spend their increased disposable income [1] increasing the number of customers taking boat trips.[1] | **3** | **AO1 – 1**<br>**AO2 – 1**<br>**AO3 – 1** |

| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 2(c)(ii) | **Explain <u>one</u> negative effect government policy might have on Millie's boat trip enterprise. Use an example to support your answer.**<br><br>Identification of an impact [1]<br>Explanation showing understanding [+1]<br>Link to case study material [+1]<br><br>Answers might include:<br>• raising tax<br>• tightening safety regulations<br>• increased financial regulations.<br><br>Examples:<br>• Tightening safety regulations [1] may increase operating costs [1] if Millie needs more training/machinery.[1]<br>• Increased financial regulations [1] may make it harder for Millie to obtain finance [1] so she cannot buy her boat.[1] | **3** | **AO1 – 1**<br>**AO2 – 1**<br>**AO3 – 1** |

| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 3(a) | **Define the terms:**<br>**(i) income**<br>**(ii) expenditure.**<br><br>Each term should be marked as follows:<br>Precise definition [2]<br>Imprecise definition showing some understanding [1]<br><br>**(i) Income:**<br>Total money that comes into an enterprise [2]<br>Earnings [1]<br><br>**(ii) Expenditure:**<br>Total money that goes out of an enterprise [2]<br>Spending. [1] | **4** | **AO1 – 4** |
| 3(b)(i) | **Calculate Millie's fuel costs if she operates 80 boat trips in her first year.**<br><br>$800 [2]<br>If incorrect answer, one mark can be awarded for the following:<br>Number of trips × cost of fuel [1]<br>**Or**<br>80 × £10 [1] | **2** | **AO1 – 1**<br>**AO2 – 1** |
| 3(b)(ii) | **Calculate Millie's total revenue if she operates 80 boat trips in her first year.**<br><br>Total revenue = $2400 [2]<br>If incorrect answer one mark can be awarded for the following:<br>Total revenue = Price per boat trip × number of boat trips [1]<br>**Or**<br>$30 × 80 [1] | **2** | **AO1 – 1**<br>**AO2 – 1** |

| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 3(c) | **Describe the possible impact on total profit if the cost of insurance increased to US$275.**<br><br>Fixed costs will rise by $25 [1] so profit may fall [1]<br>Profit would fall [1] by $25 [1]<br>Losses are now $7275 not $7250 [2]<br><br>Costs are now $9675 [ $9650 +25] [1] | 2 | **AO3 – 2** |

| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 4(a) | **Identify <u>two</u> sources of finance, other than crowdfunding, a government grant or trade credit.**<br><br>1 mark per correct source.<br><br>Answers may include:<br>• personal savings<br>• family and friends<br>• bank loan<br>• overdraft<br>• leasing<br>• mortgages<br>• community sources<br>• subsidies<br>• selling shares. | 2 | **AO1 – 2** |

| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 4(b) | **Define the term *crowdfunding.***<br><br>Precise definition [2]<br>Imprecise definition showing some understanding [1]<br><br>Using websites and social media to encourage large numbers of people to invest small amounts of money [2]<br>Raising small amounts from many people [1] via the internet/social media. [1] | **2** | **AO1 – 2** |

| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 4(c) | **Explain <u>one</u> advantage and one disadvantage to Millie of using trade credit to finance the costs in Table 1.**<br><br>Each point should be marked as follows:<br>Identification of an advantage/ disadvantage [1]<br>Explanation showing development [1]<br>Use of case study material [1]<br><br>Answers might include:<br><br>**Advantages**<br>• can receive the goods now and pay later<br>• money can be kept in a bank account earning interest until the trade credit is due to be paid<br>• no interest payable if paid within the agreed number of days<br>• may be rewarded if pay early.<br><br>**Example**<br>Millie can receive the goods now and pay later [1] so buy the boat now [1] and earn revenue from customers.[1]<br><br>**Disadvantages**<br>• unusual for such a large amount<br>• usually not given to new enterprises<br>• if not paid by the deadline a higher amount can be charged.<br><br>**Example**<br>The supplier may be unwilling to give credit [1] they are not sure she can pay the money [1] as Millie is a new entrepreneur. [1]. | **6** | **AO1 – 2**<br>**AO2 – 2**<br>**AO3 – 2** |

| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 5(a) | **Explain how Millie used <u>two</u> enterprise skills.**<br><br>Each skill should be marked as follows:<br>Identification of a skill [1]<br>Explanation using case study material to show how this was used. [+1]<br><br>Answers may include:<br>• creativity<br>• delegation<br>• influencing skills<br>• innovation<br>• initiative<br>• leadership<br>• motivation to succeed<br>• practical skills<br>• perseverance/determination<br>• problem solving<br>• self confidence<br>• taking responsibility<br>• teambuilding<br>• time management/prioritising<br><br>Examples:<br>• influencing skills [1] to persuade Kyle to enter a partnership [+1]<br>• problem solving skills/resourcefulness [1] when she rented boats [+1]<br>• initiative [1] asking Kyle to join as a partner [+1]<br>• calculated risk [1] in giving up her full-time job. [+1] | **4** | **AO1 – 2**<br>**AO2 – 2** |

| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 5(b) | **Explain <u>one</u> advantage and <u>one</u> disadvantage to Kyle of operating in a partnership with Millie.**<br><br>Each point should be marked as follows:<br>Identification of an advantage/disadvantage [1]<br>Explanation showing understanding [+1]<br>Application to the case study enterprise [1]<br><br>**Advantages might include:**<br>• easy to set up<br>• partners keep all the profits<br>• workload/decision-making shared<br>• more finance available<br>• more skills/experience in the enterprise.<br><br>**Example:**<br>More skills/experience in the enterprise [1] Kyle will gain Millie's strong skills [1] and so will be able to deal with a wider range of customers. [+1]<br><br>**Disadvantages might include**:<br>• unlimited liability/increases financial risk<br>• often must rely on personal savings<br>• disagreements and conflict<br>• decisions made by one partner are legally binding on another.<br><br>**Example:**<br>Disagreements might arise [1] as Kyle is used to working as a sole trader [1] he may be unwilling to listen to Millie's views. [+1] | **6** | **AO1 – 2**<br>**AO2 – 2**<br>**AO3 – 2** |

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>6(a)</td><td>
Millie thought that a business plan was not needed for her boat trip enterprise. Analyse the importance of a business plan to Millie's boat trip enterprise.
<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<br>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<br>Demonstrates knowledge of concepts</td><td>4–7</td></tr>
<tr><td>1</td><td>Limited application to the case study<br>Demonstrates knowledge of concepts</td><td>1–3</td></tr>
<tr><td>0</td><td>No creditable response.</td><td>0</td></tr>
</table>
Knowledge may include:<br>
• content of a business plan<br>
• reasons why a business plan is used.<br><br>
Phrases which demonstrate some analysis may include:<br>
The business plan will help Millie to decide if she should buy a boat or continue renting.<br><br>
Phrases which demonstrate good analysis will show how producing a business plan will assist Millie and may include:<br>
The business plan will contain research which will allow Millie to compare and decide whether to buy or rent a boat.
</td><td>10</td><td></td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>6(b)</td><td>
Millie was given help and support by:<br>
• Kyle and the other boat owners<br>
• her friend Keisha.<br><br>
Evaluate the usefulness of each of these sources of help and support to Millie’s enterprise<br><br>
<table>
<tr><th>Level</th><th>Description</th><th>Mark</th></tr>
<tr><td>4</td><td>Clear reasoned evaluation is present<br>Good analysis applied consistently to the case study<br>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<br>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<br>Demonstrates knowledge of relevant concepts</td><td>4–7</td></tr>
<tr><td>1</td><td>Limited application to the case study<br>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>
<br>
Knowledge may include:<br>
• knowledge of what is meant by support<br>
• lists of potential support.
</td><td>15</td><td></td></tr>
</table>

| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 6(b) | **Phrases which demonstrate some analysis/application will identify the support offered and may include:**<br>• Keisha explained the different methods of finance<br>• the boat owners rented her boats for a small fee.<br><br>**Phrases which demonstrate good analysis will explain how this support assisted Millie's enterprise and may include:**<br>Keisha offered free advice on the methods of finance available which saved Millie from having to pay for advice or using the wrong methods of finance.<br><br>**Evaluation may be shown by a two-sided approach considering why the source may not have been useful. Phrases may include:**<br>The boat owners may offer incorrect advice or not provide details of every cost involved because Millie is one of their competitors.<br><br>Keisha may offer poor quality advice as she is not an expert. She suggested a method of finance that is not usually used for buying a boat. | | |

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>7(a)</td><td>
Analyse <u>one</u> positive impact and <u>one</u> negative impact that the operation of <u>your enterprise project</u> had, or could have had, on your local community.
<table>
<tr><th>Level</th><th>Description</th><th>Mark</th></tr>
<tr><td>3</td><td>Good analysis consistently applied to their own enterprise experience<br>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<br>Demonstrates knowledge of concepts</td><td>4–7</td></tr>
<tr><td>1</td><td>Limited application to their own enterprise experience<br>Demonstrates knowledge of concepts</td><td>1–3</td></tr>
<tr><td>0</td><td>No creditable response.</td><td>0</td></tr>
</table>
Answers will depend upon the enterprise project operated.<br><br>
Knowledge may include:<br>
• understanding of terms social cost/benefit<br>
• identifying positive or negative impacts of enterprise.<br><br>
Phrases which demonstrate some analysis may include:<br>
My masks were reusable which reduced local pollution.<br><br>
Phrases which demonstrate good analysis will explain the effect on the local community such as:<br>
My food enterprise provided a greater choice of goods and services which forced competitors to improve the quality of their food for customers.<br>
My food enterprise created a lot of wastepaper which created pollution which the school cleaners had to remove.
</td><td>10</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>7(b)</td><td>
There are factors an entrepreneur could consider when choosing methods of marketing communication. The factors include:
<ul>
<li>cost of method</li>
<li>method used by competitors</li>
<li>suitability of method for reaching the potential target market.</li>
</ul>
Evaluate which <u>two</u> of these factors were, or could have been, most important when choosing the methods of marketing communications for <u>your enterprise project</u>. Justify your choice, including why you rejected the other factor.
<table>
<tr><th>Level</th><th>Description</th><th>Mark</th></tr>
<tr><td>4</td><td>Clear reasoned evaluation is present<br>Good analysis applied consistently to their enterprise<br>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<br>Demonstrates knowledge of relevant concepts</td><td>8–11</td></tr>
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</table>
Answers will depend upon the enterprise project operated.<br><br>
Knowledge may include:
<ul>
<li>budgets limit spending</li>
<li>methods of marketing communication and their features</li>
<li>the relative expense of different method of marketing</li>
<li>understanding of target markets.</li>
</ul>
</td><td>15</td><td></td></tr>
</table>

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| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 7(b) | **Phrases which demonstrate some analysis will explain how the factor links to marketing such as:**<br>If you have a lot of finance you can choose any method of marketing.<br>As a start-up with limited finance, we had to choose cost effective methods.<br><br>**Phrases which demonstrate good analysis will explain why the factor is important such as:**<br>Reaching the target market was crucial or we would not make any sales because we did not have a physical location so we had to choose online methods, or we would not attract customers.<br><br>**Evaluation maybe shown by a two-sided approach considering why one factor was not important to them such as:**<br>The methods used by competitors was not important when choosing our marketing communications as we were a unique business with no close competitors. The most important factors were therefore cost and reaching the target market. | | |

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