Cambridge Assessment International Education

Cambridge IGCSE™

ENTERPRISE **0454/13**

Paper 1 Case Study **May/June 2022**

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 2022 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

This document consists of **22** printed pages.

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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: 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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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 following terms:** ***(i) primary research*** ***(ii) secondary research.*** Precise explanation (2) Imprecise answer showing some understanding (1) Answers might include: ***(i) primary research*** Collecting original (new) information for a purpose [2] Collecting original information by the organisation themselves [2] First-hand information. [1] ***(ii) secondary research*** Using information that already exists [1] and was collected for a different purpose [1] Collected by another organisation. [1]	**4**	**AO1**
1(b)	**Identify <u>one</u> example from the <u>case study</u> of each of the following:** **(i) primary research** **(ii) secondary research** 1 mark per correct example. Answers might include: **(i) Primary:** • asked opinion of the booklet from a member of her weaving group • asking Leyland what he thought (interview) • telephoning suppliers. **(ii) Secondary:** • using the internet to find the number of weaving groups • researching competitors online/similar kits for sale on the internet.	**2**	**AO2**

Question	Answer	Marks	Guidance
1(c)	**Explain <u>two</u> disadvantages of primary research.** Each point should be awarded as follows: Identification of a disadvantage [1] Explanation showing understanding of the disadvantage. [+1] Disadvantages may include: • expensive to collect • take a lot of time to collect • she may not have the experience to write the best questions in a survey • may not ask enough people • potential bias. Example: Bias [1] asking friends might mean they give the answers they think you want. [+1]	**4**	**AO1–4**

Question	Answer	Marks	Guidance
2(a)	**Explain <u>one</u> benefit to Kathy of working alone. Use an example from the case study to support your answer.** Identification of a benefit [1] Example applying benefit to Kathy's kits. [+1] Answers may include: • no need to share profit • make your own decisions/no disagreement • can quickly adapt the enterprise if needed. Example: Kathy made her own decisions [1] such as what to include in each box. [+1]	**2**	**AO1–1** **AO2–1**

Question	Answer	Marks	Guidance
2(b)	**Explain <u>one</u> problem to Kathy of working alone. Use an example from the case study to support your answer.** Identification of a problem [1] Example applying problem to Kathy's kits. [+1] Answers may include: • lack of specialist skills • limited finance • poor decisions (as you have no one to discuss it with) • lack of ideas • must complete all the work alone. Example: Kathy lacked some specialist/technology skills [1] she had to ask a friend to help her set up the website. [+1]	**2**	**AO1–1** **AO2–1**

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Question	Answer	Marks	Guidance
2(c)	**Explain how the use of <u>two</u> enterprise skills affected the success or failure of <u>your enterprise project</u>. Use examples to support your answer.** Each skill should be marked as follows: Identification of an enterprise skill [1] Explanation showing how the skill helped the success of the entrepreneur [+1] Example from own enterprise. [1] Answers will depend upon the enterprise but might include: • creativity [1] which attracted many buyers [+1] • perseverance [1] we kept going even when we had problems [+1] • taking calculated risk [1] borrowing money to start up a new enterprise. [+1] Accept any enterprise skill from section 3.1 of the syllabus Example: Creativity [1] our jewellery was unique [1] which attracted many buyers. [+1]	**6**	**AO1–2** **AO2–2** **AO3–2**

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Question	Answer	Marks	Guidance
3(a)	**State the formula used to calculate break-even.** Fixed cost / (Price minus Variable cost) **Or** Fixed cost / contribution [1]	**1**	**AO1**
3(b)	**Calculate the profit Kathy could make for each kit sold. Show your working.** $15 per kit [3] If correct answer is not shown marks should be awarded: $40 – $25 [2] Price minus total cost [1] Correct costs and price figs ($40, $25) but not in the formula. [1]	**3**	**AO1–2** **AO2–1**
3(c)	**Explain <u>one</u> impact on Kathy's Wool Dyeing Kits enterprise if the cost of delivery were to increase. Use an example from the case study to support your answer.** Identification of an impact [1] Explanation showing understanding [+1] Applied to Kathy's Kits. [+1] Answers might include: • Costs rise [1] per kit posted [+1] above $5 [1] • Profit margin will fall [1] below $15 [1] unless price of kit increased [+1] • Price may need to rise [1] above $40 [1] to cover increased cost [+1] • Break even quantity [1] will rise. [+1]	**3**	**AO1–1** **AO2–1** **AO3–1**

Question	Answer	Marks	Guidance
3(d)	**Explain how <u>one</u> financial document could help Kathy when operating her enterprise. Use an example from the case study to support your answer.** Identification of a financial document [1] Explanation of how it helps an enterprise operate [1] Application to case study material. [+1] Answers might include: • Income statement – could help persuade the supplier to offer credit • Budget – shows Kathy the maximum she can spend on her chemicals • Cashflow (budget), or cashflow forecast helps Kathy plan when she can afford to pay back the trade credit. Example: Budget [1] allows her to set the maximum she can afford to spend [+1] such as how much stock of chemicals she can afford. [1]	**3**	**AO1–1** **AO2–1** **AO3–1**

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Question	Answer	Marks	Guidance
4(a)	**State <u>one</u> purpose of marketing for:** **(i) Customers** **(ii) an enterprise** Answers might include: **(i) Customers:** • increase knowledge of a new product or service • informed about changes to product or service • make informed decisions. **(ii) An enterprise:** • establish/maintain brand loyalty • increase/defend sales/attract customers • increase market share • introduce a new product or service to customers.	**2**	**AO1**
4(b)	**State <u>two</u> examples of marketing communications, other than leaflets.** 1 mark per correct method. Answers might include: • television/radio/cinema/newspaper adverts • posters • social media posts • websites • sponsorship • word of mouth.	**2**	**AO1**

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Question	Answer	Marks	Guidance
4(c)	**Explain <u>one</u> advantage and <u>one</u> disadvantage for Kathy of using leaflets as her method of marketing. Use an example from the case study to support each explanation.** Each point should be marked as follows: Identification of an advantage/disadvantage [1] Explanation showing understanding of why it is an advantage or disadvantage [+1] Example showing application to the case study. [1] Answers might include: Advantage: • simple/easy to produce • cheap to produce • can be kept by audience for future reference • posted directly to target audience. Disadvantage: • often seen as junk mail • can include limited detail • not active – no sound or motion. Candidates may identify problems with the leaflet shown in Fig. 1 as: • no website address • the additional cost for next day delivery not specified. Example: Kathy knew her target audience was weaving groups [1] she emailed the leaflets directly to them [1] so did not waste resources. [+1]	**6**	**AO1–2** **AO2–2** **AO3–2**

Question	Answer	Marks	Guidance
5(a)	**State <u>two</u> factors that should be considered when planning a negotiation.** Answers might include: • setting the tone e.g. location, language to use, how to appear calm • presentation of the proposal – method to use • checking understanding • reaching an agreement.	**2**	**AO1**
5(b)	**Explain <u>one</u> way you measured the success of a negotiation in <u>your enterprise project.</u>** Identification of a way to measure success [1] Application to own enterprise project. [+1] Answers may include: • outcome – achieving what you wanted • elements of the process such as: setting the right tone, having the correct information, language used. **Example:** Outcome [1] we gained the $100 funds we asked for. [+1]	**2**	**AO1–1** **AO2–1**

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Question	Answer	Marks	Guidance
5(c)	**Explain how <u>two</u> objectives you set affected the operation of <u>your enterprise project.</u>** Each objective should be marked as follows: Identification of an objective [1] Explanation of how the objective affected the operation of an enterprise [+1] Example applied to own enterprise project. [+1] Answers may include: • break-even • gain an established customer base • to be ethical • maximise profit • growth. Example: We wanted to be an ethical enterprise [1] we only bought fair trade chocolate to use in the drinks [1] which was more expensive and increased our variable costs. [+1]	**6**	**AO1–2** **AO2–2** **AO3–2**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>6(a)</td><td>
Kathy planned to buy stock for her new enterprise using trade credit, paying her suppliers within 30 days.

Discuss the advantages and disadvantages of trade credit to a new enterprise. You should consider the effects on either:
• Kathy
or
• the suppliers.

<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>

Knowledge may include:
• advantages of trade credit
• disadvantages of trade credit.

Phrases which demonstrate some analysis may include:
Having 30 days of trade credit would allow Kathy to buy stock before she had earnt any money.
</td><td>10</td><td>The grade descriptions describe performance at the top of the band.</td></tr>
</table>

Question	Answer	Marks	Guidance
6(a)	**Phrases which demonstrate good analysis will show why this is a point to consider and may include:** Having 30 days of trade credit would allow Kathy to buy stock before she had earnt any money. This meant she could start the enterprise with very little finance.		

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>6(b)</td><td>
Kathy knows that the wool dyeing kit market is competitive.

Evaluate the importance of <u>two</u> of the following to the long-term success of Kathy’s Wool Dyeing Kits enterprise:
• ensuring fast delivery
• dealing with customer complaints
• developing new products.

<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>
</td><td>15</td><td>The grade descriptions describe performance at the top of the band.</td></tr>
</table>

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Question	Answer	Marks	Guidance
6(b)	**Knowledge may include:** • knowledge of the meaning of long-term success/how success is measured • the benefits/cost of fast delivery • the benefits/costs of dealing with customer complaints • the benefits/costs of developing new products. **Phrases which demonstrate some analysis may include:** Dealing with complaints quickly will lead to happier customers who might return. **Phrases which demonstrate good analysis will show why this is important to long term success and may include:** Dealing with complaints quickly will lead to happier customers who might spread good word of mouth advertising. Positive word of mouth will help attract more customers and therefore ensure greater sales and revenue in the future. **Evaluation maybe shown by a two-sided approach considering the benefit and negative aspects of each choice.**		

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>7(a)</td><td>
An action plan generally contains 5 headings.
Analyse the importance of any <u>two</u> of these headings to the operation of <u>your enterprise project.</u>
<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

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
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:
• headings for action plan columns
• purpose of an action plan.

Phrases which demonstrate some analysis may include:
The person responsible for the heading provided accountability; we knew who should be completing each task for our cupcake enterprise.

Phrases which demonstrate good analysis may include:
The person responsible for the heading provided accountability; we knew who should be completing each task for our cupcake enterprise. This saved us time when a task was not completed, we knew who to go to which avoided arguments.
</td><td>10</td><td>The grade descriptions describe performance at the top of the band.</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>7(b)</td><td>
Enterprises can be affected by many factors. These include:
• changes in technology
• limited finance
• rules and regulations
• the needs or wants for the product.

Evaluate the importance of <u>two</u> factors to the success or failure of <u>your enterprise project</u>. You may refer to the factors listed above or other factors in 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>
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Question	Answer	Marks	Guidance
7(b)	**Knowledge may include:** • how success is measured by an enterprise • identification of other factors • understanding of each factor in the question. **Phrases which demonstrate some analysis may include:** Rules and regulations meant we could not set up a jewellery store in school**,** limiting the people who saw the jewellery. **Phrases which demonstrate good analysis will show how this will impact upon success and may include:** Rules and regulations meant we could not set up a jewellery store in school. This limited the number of customers who saw our product and meant we had less sales and therefore lower revenue towards our profit aim. **Evaluation maybe shown by a two-sided approach considering the benefit and negative aspects of each factor.**		

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