Cambridge Assessment International Education

Cambridge IGCSE™

ENTERPRISE **0454/12**

Paper 1 Case Study **May/June 2023**

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 2023 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

© UCLES 2023

PUBLISHED

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.

© UCLES 2023

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 2023

PUBLISHED

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).

© UCLES 2023

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.

© UCLES 2023

Question	Answer	Marks	Guidance
1(a)	**State <u>two</u> sources of help and support for enterprises.** Each correct source [1] Answers may include: • bank (manager) • business networks (online) • consultants/advisors • friends and family • government • other entrepreneurs/electricians and plumbers (online).	**2**	AO2 – 2
1(b)	**Identify <u>two</u> actions from the case study that show Finn is enterprising.** 1 mark per action correctly identified. Answers may include: • converted his van rather than pay for hotels (creative/ innovation) • travelled in search of work (positive attitude/took risk) • developed a new service/van conversion (innovation/initiative) • asked for help when needed (decision making/ managing risk) • watched online videos (taught himself skills) • created adverts/posted online (creativity).	**2**	AO2

© UCLES 2023

Question	Answer	Marks	Guidance
1(c)(i)	**Explain <u>one</u> reason why being a sole trader is a disadvantage for Finn. Use an example from the case study to support your answer.** Identification of a disadvantage [1] Explanation of reason showing understanding of why this is a disadvantage [+1] Use of information from the case study [1] Answers may include: • lack of finance [1] limits the growth of the enterprise [+1] Finn wanted to save money on accommodation/was unemployed. [1] • unlimited liability [1] means owner's personal possessions are at risk [+1] • responsibility [1] as the owner is in sole control of the enterprise [+1] Finn had no one to ask for advice [1] • lack of expertise [1] as the owner relies on themselves [+1] Finn did not know about financial records [1] • long hours [1] Finn had a busy year converting vans. [1]	**3**	AO1 – 1 AO2 – 1 AO3 – 1

Question	Answer	Marks	Guidance
1(c)(ii)	**Explain <u>one</u> other type of business organisation that may be suitable for Finn's enterprise. Use an example from the case study to support your answer.** Identification of a business organisation [1] Explanation of business organisation showing understanding [+1] Use of information from the case study [1] Answers might include: • partnership • limited company • cooperative. Example: Finn could choose to set up a partnership [1] with Eric [1] which would allow him to access to more funds. [+1]	**3**	AO1 – 1 AO2 – 1 AO3 – 1

Question	Answer	Marks	Guidance
2(a)	**State <u>one</u> method of primary research.** Answers may include: • survey • questionnaire • interviews • consumer panels • focus groups • observation • test marketing.	**1**	AO1
2(b)	**Explain <u>two</u> advantages to an enterprise of using primary research.** Each point should be marked as follows: Identification of an advantage [1] Explanation showing understanding [+1] Answers may include: • information is up to date [1] so useful for making decisions [1] • can ask exactly what you want to know/specific [1] therefore you have the information you need [+1] • original data is collected [1] no other organisation has the same information. [+1]	**4**	AO1

© UCLES 2023

Question	Answer	Marks	Guidance
2(c)	**State <u>two</u> ways entrepreneurs can make sure that their customers are satisfied.** One mark per correct point Answers may include: • providing good quality products or services/value for money • resolve complaints quickly/respond to feedback • develop new products • offering guarantees • offer effective customer service.	**2**	AO1

Question	Answer	Marks	Guidance
2(d)	**Explain <u>one</u> reason why customer satisfaction may be important for Finn's enterprise. Use an example from the case study to support your answer.** Identification of a reason why **any business** needs to provide customer satisfaction [1] Explanation of reason showing understanding [+1] Use of information from the case study to provide specific reason for this enterprise [+1] Answers may include: • to retain customers/not lose sales • to establish brand loyalty • to increase sales • ensures good word of mouth advertising. Examples: Finn relies on social media to advertise his services [1] Eric's satisfaction gained him more customers [1] which led to more sales. [1] He needed good word of mouth advertising [1] to attract new customers [+1] as he was not earning as much as in his previous job.[1]	**3**	AO1 – 1 AO2 – 1 AO3 – 1

Question	Answer	Marks	Guidance
3(a)	**Explain <u>two</u> reasons why an enterprise needs to keep financial records.** Each point should be marked as follows: Identification of a reason [1] Explanation showing understanding [+1] Answers may include: • a legal requirement • provides information for government to calculate tax due • allows owners to have a clear understanding of the cash/profit/loss of the enterprise • can be used to make decisions within the organisation • lenders use income statements to make decisions on loans • suppliers may use these to decide on any credit arrangements • reduces risk of fraud. Examples: It is a legal requirement for enterprises to keep some financial records [1] these are used by the government to calculate tax due. [+1] To keep track of cashflow [1] and prepare for any problems in advance [+1]	**4**	AO1

Question	Answer	Marks	Guidance
3(b) Prepare Finn's cash flow forecast using information from the case study to complete **(i), (ii), (iii) and (iv)** in Table 1. Show your working.			
3(b)(i)	$900	**1**	AO2
3(b)(ii)	$550	**1**	AO2
3(b)(iii)	$352 [2] $4.40 per hour [1] **or** Wage rate per hour times 80 hours [1]	**2**	AO1 – 1 AO2 – 1
3(b)(iv)	Minus $22	**1**	AO1
3(c)	**Suggest <u>one</u> action an entrepreneur could take to improve net cashflow.** Answers may include: • increase the price • reduce wages per hour • use cheaper raw materials.	**1**	AO3

Question	Answer	Marks	Guidance
4(a)	**Explain <u>one</u> reason why governments set laws and regulations for enterprises.** Identification of a reason [1] Explanation showing understanding [+1] Answers may include: • protect consumers [1] from poor quality/unsafe products [+1] • ensure customers receive the product/ service as advertised • ensure prices are fair • protects workers [1] from unsafe practises [+1] • ensures products are legally allowed to be sold in the country. Example: Laws on marketing and regulation protect the consumer [1] from buying products which make untrue claims. [+1]	**2**	AO1
4(b)	**Explain <u>one</u> way Finn may have broken a law or a regulation.** Identification of an action from case study [1] Explanation showing understanding of why it breaks law/regulation [+1] Answers may include: • Finn used photos of Eric's van [1] without permission [+1] • Finn did not keep the financial records [1] these are required by the government/may not have paid tax [+1] • Finn may not have all the training required to complete some tasks [1] such as installing electrical items on the vans. [+1]	**2**	AO1 – 1 AO2 – 1

Question	Answer	Marks	Guidance
4(c)	**Explain <u>one</u> negative impact on Finn's campervan conversion enterprise as a result of him breaking a law or a regulation.** Identification of a consequence [1] Explanation to show the impact on an enterprise [+1] Application to case study [+1] Answers may include: • unsafe work causes injury • being sued by customers • fines • enterprise forced to close • loss of customers • poor brand image/word of mouth advertising. Example: Installing electrical equipment, he is not qualified to install [1] could result in injury to customers/workers [1] leading to the enterprise being sued. [+1]	**3**	AO1 – 1 AO2 – 1 AO3 – 1

Question	Answer	Marks	Guidance
4(d)	**Explain <u>one</u> reason why Finn may ignore ethical considerations in his campervan conversion enterprise. Use an example from the case study to support your answer.** Identification of a reason [1] Explanation showing why this action could be taken [+1] Application to Finn's enterprise [+1] Answers may include: • fair trade/ethical products are often expensive • it will take more time to search for ethically produced products/services • donating to charity will reduce the money Finn keeps • charging more (overcharging) for his services increases profit • allowed him to complete more work (he is not qualified to do) • not legally required to follow them. Examples: Fair trade materials are often more expensive [1] which would reduce Finn's profits [+1] and he is already struggling to make a profit. [+1] Using the photos of Eric's van without permission [1] saved Finn time [1] therefore he produced the advert quickly. [+1]	**3**	AO1 – 1 AO2 – 1 AO3 – 1

© UCLES 2023

Question	Answer	Marks	Guidance
5(a)	**State <u>two</u> ways a bank can assist enterprises.** 1 mark per correct point. Answers may include: • help with production of financial documents e.g. business plan • offer (financial)advice • provide banking services such as credit cards/bank accounts • providing finance.	**2**	AO1
5(b)	**Explain how <u>one</u> source of help and support, other than a bank, was used in <u>your enterprise project</u>.** Identification of a source of help and assistance [1] Explanation showing how the help and assistance is used [+1] Application to the candidate's own enterprise experience [+1] Answers will depend upon the candidate's enterprise but may include: • governments/business agencies • consultants/advisors • charities • teachers • business networks • other entrepreneurs • friends and family Example Our teacher [1] helped us to find the cheapest a supplier [+1] for the ingredients for the cupcakes we made. [+1]	**3**	AO1 – 1 AO2 – 1 AO3 – 1

Question	Answer	Marks	Guidance
5(c)(i)	Explain **one** aim that you had in **your enterprise project**. Identification of an aim [1] Application to own enterprise project [+1] Answers may include: • maximising sales • maximising profit • beat the competition • gain a high grade for the coursework • learn new skills. Example: We wanted to sell as many [1] cupcakes as possible. [+1]	**2**	AO1 – 1 AO2 – 1
5(c)(ii)	**Explain how one non-financial document helped you to achieve your aim in your enterprise project.** Identification of a non-financial document [1] Explanation showing how the document helps achieve aims of an enterprise [+1] Application to the candidate's own enterprise project [+1] Answers may include: • action plan • business plan • meeting agenda • meeting minutes. Example: A business plan [1] gives an overview of the business [+1] this helped us to see that due to competition our cupcakes were not going to be successful. [+1]	**3**	AO1 – 1 AO2 – 1 AO3 – 1

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>6(a)</td><td>
Analyse how Finn used <u>two</u> enterprise skills in his campervan conversion enterprise.
Use examples from the case study to support your answer. [10]
<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:

Identification of any enterprise skill from syllabus topic 3.1 such as: practical skills, problem-solving, time management, (self)confidence, resourcefulness, innovation, initiative, taking risks, taking responsibility, determination, creativity and perseverance.

Phrases which demonstrate some analysis may include:
Finn used creative thinking when he decided to upload photos to social media to gain attention.
</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 the impact of this on Finn and his enterprise. These may include**: Finn was innovative when he came up with the idea of converting his campervan which saved him money by not having to pay for accommodation.		

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>6(b)</td><td>
After his meeting with the bank manager, Finn was not sure if he should continue with his enterprise.

Evaluate whether the risks of continuing the campervan conversion enterprise are greater than the rewards. Use examples from the case study to support your answer. [15]
<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
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>
Knowledge may include:
• a definition of risks/rewards
• risks of enterprise
• benefits of enterprise
</td><td>15</td><td>The grade descriptions describe performance at the top of the band.</td></tr>
</table>

Question	Answer	Marks	Guidance
6(b)	**Phrases which demonstrate some analysis may include:** • use of calculations from question 3(b) • net cashflow was minus. • the negative aspects of his enterprise can be fixed. **Phrases which demonstrate good analysis will show why this is a point to consider and may include:** • Finn has only operated for a year and therefore his enterprise may improve with more advice. • Finn will be able to lessen his risks by… **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>
Successful negotiations must be carefully planned. This includes:

setting the objectives
researching and choosing the evidence to use
preparing arguments and counter-arguments
setting the correct tone for the meeting.

Analyse the importance of any <u>two</u> of these stages in ensuring the success of a negotiation you were involved in as part of <u>your enterprise project.</u> Use examples to support your answer.[10]
<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 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>
</td><td>10</td><td>The grade descriptions describe performance at the top of the band.</td></tr>
</table>

Question	Answer	Marks	Guidance
7(a)	**Knowledge may include:** • explanation of actions taken at each stage. **Phrases which demonstrate some analysis may include:** Descriptions of any actions taken during that stage for example – I researched the exact costs for the candles and calculated the profit we could make. **Phrases which demonstrate good analysis will the impact of this action on the success/failure of the negotiation. These may include**: Because I had accurate projections of profit the financier was willing to give me the loan because there was proof, I would probably be able to pay it back.		

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>7(b)</td><td>
Opportunities for enterprise can be created as a result of changes in:
• income
• laws and regulations
• needs or wants
• taste and fashion.
Evaluate <u>two</u> reasons which were the most important in creating opportunities for <u>your enterprise project</u>. You may use the opportunities listed above, or other reasons, in your answer. [15]
<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>
</td><td>15</td><td>The grade descriptions describe performance at the top of the band.</td></tr>
</table>

© UCLES 2023

Question	Answer	Marks	Guidance
7(b)	**Knowledge may include:** • description of term 'opportunities' • factors which create opportunities • explanation of the meaning of factors listed. **Phrases which demonstrate some analysis may include:** It has become fashionable to buy… so we provided these items. **Phrases which demonstrate good analysis will show why this is a point to consider and may include:** As nearly everyone wanted or needed this item our sales would be high and therefore, we would make high revenue. **Evaluation maybe shown by a two-sided approach considering the benefit and negative aspects of each choice.**		

© UCLES 2023