CAMBRIDGE
International Education

Cambridge IGCSE™

ENTERPRISE **0454/13**

Paper 1 Case Study **May/June 2024**

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 2024 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U 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 descriptions 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)	**State <u>two</u> characteristics of a social enterprise.** Each correct characteristic [1] Answers may include: • main aim is not to make a profit • aim to maximise social impact • have social objectives/ aim to benefit the community • money earnt is reinvested into the enterprise/used for social cause.	**2**	AO1 – 2
1(b)	**Explain one disadvantage for Luna's enterprise of operating as a social enterprise.** Identification of a disadvantage [1] Explanation of disadvantage showing understanding [+1] Application to the eco-brick enterprise [1] Answers may include: • limited capital/lack of investors • lack of profit • may be uncompetitive • owners may struggle to find workers • owners may lack skills to operate efficiently. Examples: Social enterprises often lack capital [1] to finance the new machine [1] and therefore cannot expand output. [+1] May set a low price to benefit society [1] therefore no profit. [1]	**3**	AO1 – 1 AO2 – 1 AO3 – 1

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Question	Answer	Marks	Guidance
1(c)	**Define the term *stakeholder.*** Precise definition [2] Imprecise definition showing some understanding [1] Examples: • individuals, groups, or organisations with an interest in the activities/decisions of a business/enterprise [2] • sectors or people that are directly /indirectly involved in enterprise [2] • someone impacted by the decisions and actions of a business /enterprise [2] • Someone interested in or affected by the enterprise. [1]	**2**	AO1
1(d)	**Explain how one stakeholder influenced the activities of your enterprise project**. Identification of a stakeholder [1] Explanation of the impact of the stakeholder [+1] Application to candidate's own enterprise [1] Answers might include: • employees • owners/shareholders/partners • teachers /the director/proctor/principal • customers • friends and family • suppliers • government . Example: Customers bought [1] our birdboxes [1] which provided us with income/revenue. [+1]	**3**	AO1 – 1 AO2 – 1 AO3 – 1

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Question	Answer	Marks	Guidance
2(a)	**Select the most appropriate word to complete each of the sentences about attitudes to risk.** • **adverse** • **keen** • **reducer** **Luna was willing to take a risk with a new product and would be described as risk……..…However, financial institutions are often resistant to change and therefore are described as risk……..** Luna was willing to take a risk with a new product and would be described as risk **keen**. However, financial institutions are often resistant to change and therefore are described as risk **adverse.**	**2**	AO1 – 2

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>2(b)</td><td>(i) Complete the words in Column 1 of Table 2. [4]
(ii) State <u>one</u> example for each part (1-4) in Column 2 of Table 2. [4]

<table>
<tr><td colspan="2">Identification of each element of SWOT 1 mark per element [4]
Example from case study of each element 1 mark per element [4]</td></tr>
<tr><td>Column 1</td><td>Column 2: Examples:</td></tr>
<tr><td>Strength[1]</td><td>• excellent/innovative product [1]
• environmentally friendly [1]
• cheaper than traditional brick [1]</td></tr>
<tr><td>Weakness [1]</td><td>• lack of capital to expand [1]
• used all her savings [1]
• cannot produce large quantity [1]
• no business plan [1]</td></tr>
<tr><td>Opportunity [1]</td><td>• possible contract with Eustace [1]
• can produce a range of sizes bricks [1]
• possible economies of scale [1]
• may be able to gain a grant [1]</td></tr>
<tr><td>Threat [1]</td><td>• government resistance to change [1]
• requires source of waste plastic [1]
• competition [1]</td></tr>
</table>
</td><td>8</td><td>AO1 – 4
AO2 – 4</td></tr>
</table>

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Question	Answer	Marks	Guidance
3(a)(i)	**State <u>two</u> financial records which are usually included in a business plan.** Each record [1] Answers may include: • cashflow (forecast) • budgets • income statement • balance sheet/statement of financial position– credit if seen.	**2**	AO1 – 2
3(a)(ii)	**Explain the purpose of <u>one</u> financial record stated in part (i).** Identification of a purpose [1] Explanation showing understanding [1] Answers may include: **Cashflow forecast** • identify when there is a surplus of finance which can be used for purchases • know when further finance will be required • helps sets budgets **Budgets** • helps avoid overspending • identifies/allocates the amount you can afford to spend **Income statement** • performance at the end of the year • helps identify if the enterprise is successful • used by financiers to estimate risk of loans **Balance sheet (not on the syllabus but credit if seen)** • helps estimate value of the enterprise when sold. Example: Cashflow helps to identify when there is a surplus of cash [1] so the enterprise can plan spending to avoid requiring extra finance. [+1]	**2**	AO1 – 2

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Question	Answer	Marks	Guidance
3(b)	**Explain the difference between *trade payables* and *trade receivables*.** Correct statement concerning ***trade payables*** [1] Answers may include: • money owed by the enterprise • payments owed to suppliers • (current) liability. Correct statement concerning ***trade receivables*** [1] Answers may include: • money owed to the enterprise/ customer pays to enterprise • payment not yet made for product sold • (current) asset.	**2**	AO1
3(c)	**Calculate, using Table 1, the amount of money that could be saved in one year if Eustace buys Environmentally Friendly Paving Stones (EFPS). Show your working.** Saving US$ 4800 [4] If answer is incorrect marks may be awarded as follows: • traditional paving bricks US $12500 [1] • Environmentally Friendly Paving Stones (EFPS) US $7700 [1] • difference in costs is cost of traditional minus cost of EFPS/ 12 500 minus 7700. [1] **OR** Total cost equals price times 1000 square metres. [1]	**4**	AO1 – 2 AO2 – 2

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Question	Answer	Marks	Guidance
4(a)	**Explain how the use of <u>one</u> enterprise skill helped the success of your enterprise project.** Identification of a skill [1] Explanation showing how this helped success [+1] Application to own enterprise project [1] Answers may include: • practical skills • leadership • team-building • delegation • problem-solving • prioritisation • resourcefulness • innovation • taking initiative • taking calculated risks • responsibility • motivation/determination to succeed • creativity • perseverance • influencing skills/self confidence. Example: Innovation [1] we developed a new flavour of cupcake [1] which attracted customers to our stall [+1].	**3**	AO1 – 1 AO2 – 1 AO3 – 1

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Question	Answer	Marks	Guidance
4(b)	**Explain <u>one</u> reason why identifying the problem or need or want was important in <u>your enterprise project</u>.** Identification of a reason [1] Explanation showing understanding [+1] Application to own enterprise project [1] ***Application will depend on candidate's own enterprise*** Answers may include: • identifies a gap [1] therefore the enterprise can fill it [+1] • produce products/services customers will want/need [1] therefore increase sales [+1] • customers see the enterprise as up to date [1] therefore more likely to visit/return [+1] • gain competitive edge [1] increasing market share [+1] Example: We identified a gap [1] students wanted snacks at break [1] this improved the chance of gaining revenue from the donuts. [1]	**3**	AO1 – 1 AO2 – 1 AO3 – 1
4(c)	**Explain <u>two</u> ways that changes in government policy could create opportunities for an enterprise.** Each point should be marked as follows: Identification of a change in government policy [1] Application to an enterprise [+1] Answers may include *changes* in: • laws /regulations • subsidies • grants • taxes • tariffs or quotas. Example: A decrease in taxation [1] could increase the demand for luxury products such as our candles [+1].	**4**	AO1 – 2 AO2 – 2

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Question	Answer	Marks	Guidance
5(a)	**Define the term *personal savings*.** Precise definition [2] Imprecise definition showing some understanding [1] Answers may include: • money not spent by the consumer/individual [2] • money set aside for future spending by individual [2] • investment that will pay back interest [1] • individuals savings/money. [1]	**2**	AO1 – 2
5(b)	**Justify <u>one</u> reason why crowdfunding would a suitable source of finance for building the bigger EFPS machine.** Knowledge of crowdfunding [1] Explanation showing why this is suitable [+1] Application to EFPS enterprise. [1] Answers may include: • crowdfunding is using websites/social media to raise finance • large numbers of people each invest small amounts • does not need to be paid back. Example: • This is a social enterprise/concerned with the environment [1] many people may be willing to invest a small amount [1] raising the large amount of money [+1] • Luna needs a large amount of money to finance the new machine [1] many people may be willing to invest a small amount [1] which can quickly total the amount needed [+1].	**3**	AO1 – 1 AO2 – 1 AO3 – 1

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Question	Answer	Marks	Guidance
5(c)	**Define the term *customer retention*.** Precise definition [1] Imprecise definition showing some understanding [1] Answers could include: • measuring how loyal customers are to an enterprise [2] • measuring the number of customers who return to an enterprise [2] • degree to which customers are loyal to an enterprise and are likely to buy its product/services again in the future [2] • keeping customers/willing to buy again. [1]	**2**	AO1 – 2
5(d)	**Justify <u>one</u> suitable method that Luna could use to ensure future customer retention in the EFPS enterprise.** Identification of a method of customer retention [1] Explanation showing why this method would be suitable [+1] Application to the eco-brick enterprise [1] Answers could include: • improved quality of products • developing/provide information new products • offering excellent customer service/after sales service • resolve complaints quickly • loyalty cards/discount for existing customers • respond to feedback. Example: Develop new types [1] of eco-brick [1] which can be used in other building projects. [+1]	**3**	AO1 – 1 AO2 – 1 AO3 – 1

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>6(a)</td><td>
Enterprises are affected by laws/regulations covering four main areas:
• employment
• finance
• marketing and selling
• production.
Analyse the potential impact of laws/regulations in any <u>two</u> of these four areas on the operation of Luna's EFPS enterprise.

<table>
<tr><td>Level</td><td>Description</td><td>Mark</td></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:
• examples of laws/regulations in each area
• possible government actions if laws are broken.
</td><td>10</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(a)	**Phrases which demonstrate some analysis may include:** Luna can face prosecution if she describes her EFPS as lighter and stronger but cannot prove it is true. **Phrases which demonstrate good analysis will the impact of this on Luna's enterprise. These may include**: Luna can face prosecution if she describes her EFPS as lighter and stronger but cannot prove it is true. This may lead to a loss of potential customers who no longer trust the product.		

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>6(b)</td><td>
Luna is currently planning to sell her product (EFPS) to one customer, Eustace's department. She has not yet considered marketing.
Evaluate <u>two</u> reasons why marketing may be important to Luna's enterprise. Justify your decision.
<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:
The purposes of marketing such as:
• to improve customer knowledge/awareness
• establish and maintain brand loyalty
• increase sales/ market share/profit.
</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)	**Phrases which demonstrate some analysis may include:** As a new enterprise/unusual product Luna needs to increase awareness of her EFPS. **Phrases which demonstrate good analysis will show why this is a point to consider and may include:** As a new enterprise Luna needs to raise awareness of the EFPS. Marketing will help Luna gain the large number of sales needed to cover the cost of the new machine. **Evaluation maybe shown by a two-sided approach considering the benefit and negative aspects of each choice.**		

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>7(a)</td><td>
Analyse how any <u>two</u> changes could have improved either a presentation or a meeting you were involved in. Use examples from <u>your enterprise project</u> to support your answer.
<table>
<tr><td>Level</td><td>Description</td></tr>
<tr><td>3</td><td>Good analysis consistently applied to their own enterprise experience.
Demonstrates good knowledge of concepts</td></tr>
<tr><td>2</td><td>Some analysis supported by good application to their own enterprise experience.
Demonstrates knowledge of concepts</td></tr>
<tr><td>1</td><td>Limited application to their own enterprise experience.
Demonstrates knowledge of concepts</td></tr>
<tr><td>0</td><td>No creditable response</td></tr>
</table>
Knowledge may include:
• using appropriate documentations for a meeting – notice of meeting, agenda, minutes
• supporting documents for presentation/copy of slides
• completing thorough research
• practising for the presentation
• choosing a suitable location for the meeting/presentation.
Phrases which demonstrate some analysis may include:
Using PowerPoint slides in my presentation to gain finance for my cupcakes would allow the audience to easily see my estimates of revenue and profit.
</td><td>10</td><td>The grade descriptions describe performance at the top of the band.</td></tr>
</table>

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Question	Answer	Marks	Guidance
7(a)	**Phrases which demonstrate good analysis will the impact of this action on the success/failure of the negotiation. These may include**: Using PowerPoint slides in my presentation to gain finance for my cupcakes would allow the audience to easily see my estimates of revenue and profit. This would allow my parents to estimate if I could afford the interest on the loan I wanted to buy equipment.		

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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 many sources of help and support available for enterprise. These can include:
• financial institutions
• government agencies
• other entrepreneurs
• teachers.

Evaluate the effectiveness of <u>two</u> of these sources of help and support used within <u>your enterprise project</u>.

<table>
<tr><td>Level</td><td>Description</td></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></tr>
<tr><td>3</td><td>Good analysis applied consistently to their enterprise is leading to evaluation
Demonstrates knowledge of relevant concepts</td></tr>
<tr><td>2</td><td>Some application to their enterprise supported by some analysis
Demonstrates knowledge of relevant concepts</td></tr>
<tr><td>1</td><td>Limited application to their enterprise
Demonstrates some knowledge of relevant concepts</td></tr>
<tr><td>0</td><td>No creditable response</td></tr>
</table>
Knowledge may include:
• identification of other sources of help
• explanation of any of the methods listed.
</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
7(b)	**Phrases which demonstrate some analysis may include:** Our teachers offered us advice on how to prepare for our presentation with the principal. **Phrases which demonstrate good analysis will show why this is a point to consider and may include:** Our teachers offered us advice on how to prepare for our presentation with the principal which was very effective as they had prepared students for this discussion before so they knew what ideas the principal would like and the evidence required. **Evaluation maybe shown by a two-sided approach considering the benefit and negative aspects of each choice.**		

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