CAMBRIDGE
International Education

Cambridge IGCSE™

ENTERPRISE **0454/11**

Paper 1 Case Study **May/June 2025**

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 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

This document consists of **25** 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 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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Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standard isation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	Correct point
	Development of point
	Incorrect point
	Level one/Level two/Level three/Level four
	Benefit of doubt
	Own figure rule
	Not answered question
	Repeat
	Indicates that the point has been notes, but no credit has been given
	Too vague

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Question	Answer	Marks	Guidance
1(a)	**Fern relies upon word-of-mouth marketing.** **Select <u>one</u> word to complete each of the sentences below.** **Market ……is collecting information about customers.** **Word-of-mouth is a method of marketing ……** Market **RESEARCH** is collecting information about customers. Word of mouth is method of marketing **COMMUNICATION**	**2**	AO1 – 2
1(b)(i)	**Explain <u>one</u> benefit of marketing for each of the following:** **(i) Potential customers** **(ii) Owners of an enterprise** Each point should be marked as follows Identification of a reason [1] Explanation of reason showing understanding [+1] Answers may include: • Customers know about the product/services [1] which may meet their needs [+1] • Information provided [1] helps them to make informed decisions [+1] • Do not have to search for information [1] saving customers time [+1]	**4**	AO1 – 4

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Question	Answer	Marks	Guidance
1(b)(ii)	Answers may include: • Helps to reach target market [1] to establish the enterprise [+1] • Raises awareness of the product/ service [1] increasing sales/profit [+1] • Improves company image [1] • Raises / improves brand loyalty [1]		
1(c)	**Explain <u>one</u> advantage and <u>one</u> disadvantage to Fern of using word of mouth marketing. Use an example from the case study to support each answer.** Each point should be marked as follows Identification of a benefit/disadvantage [1] Example from the case material [+1] **Advantage** Answers may include: • Free to use [1] Fern is worried about the risk of investing money [+1] • Little effort is required [1] allows Fern more time to complete the business documents/ make bouquets [+1] • Potential customers more likely to believe friends/acquaintances [1] improving sales for Fern. [+1] **Disadvantage** Answers may include: • No control over what is said [1] may lose sales if dissatisfied flower customers tell other [+1] • Limited variety of customers reached [1] as her friends and family tell their friends and families [+1] • Unreliable/ unpredictable [1] Fern will not be able to see what is helping her enterprise to expand [+1]	**4**	AO1 – 2 AO2 – 2

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Question	Answer	Marks	Guidance
2(a)	**State <u>two</u> characteristics of a person who has enterprise capability.** Each correct characteristic [1] A person who has the skills of being: • innovative[1] • willing to take risks/risk taking [1] • knowledge required to open a new enterprise [1] • positive attitude [1] • creative [1]	**2**	AO1 – 2
2(b)	**Identify <u>two</u> examples from the case study that show Fern used enterprise skills.** 1 mark per skill from the case study Answers may include: • Innovation/creativity – designing flower bouquets • Taking the initiative /risk taking – setting up her enterprise • Practical skills to work with flowers • Problem-solving – trying to gain more sales • Took the initiative – to meet the network • Risk taking – relying on word of mouth advertising • Innovation – organising deliveries.	**2**	AO2 – 2

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Question	Answer	Marks	Guidance
2(c)	**Explain any <u>two</u> of the six stages in the enterprise process. Use an example from the case study to support each answer.** Identification of correct stage in the enterprise process [1] Explanation showing applied understanding [+1] Example from case study [1] Answers may include: • Identifying a problem, need or want [1] • Exploring creative solutions [1] • (Action) planning [1] • Implementing (the plan) [1] • Monitoring (progress) [1] • Evaluation (of successes and failures) [1] **Examples:** Identifying a problem [1] by researching [+1] Fern completed a face to face survey [1] Exploring creative solutions [1] to a problem or need [+1] Fern used a stall as she could not afford a shop [1] Action planning [1] setting up small steps towards the goal [+1] Fern completed research then calculated average prices [1] Fern evaluated her success and failure [1] after operating the enterprise for a period of time [+1] she saw that income was small [1] .	**6**	AO1 – 2 AO2 – 2 AO3 – 2

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Question	Answer	Marks	Guidance
3(a)	**Explain <u>one</u> way an enterprise may be affected by an increase in taxation.** Identification of a way [1] Explanation showing how this would affect an enterprise [+1] Answers may include: • Increase in their costs of production • Reduced sales • Reduced (after tax or retained) profits • May have to increase prices. **Example:** Increased taxes will increase the costs of raw materials [1] and the enterprise may be forced to raise prices [+1]	**2**	AO1 – 2
3(b)	**Describe <u>one</u> objective you wanted to achieve in <u>your enterprise project</u>.** Identification of an objective [1] Description applied to own enterprise project [+1] Answers may include: • Ethical or practical examples e.g. reduce pollution • Social or practical examples e.g. improve welfare of society • Profit maximisation • Sales /revenue/customer numbers/compete • Growth • Survival/break-even/ cover costs/ lower risks • Develop a new product/service. **Example:** Our objective was to compete with other student enterprises at the summer fair [+1] and attract the most customers [1]	**2**	AO1 – 1 AO2 – 1

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Question	Answer	Marks	Guidance
3(c)	**Explain how <u>one</u> action you took reduced a risk in <u>your enterprise project</u>.** Identification of an action [1] Explanation showing how this would reduce risk [+1] Application to own enterprise [1] Answers may include: • Completing market research • Producing a SWOT analysis • Completing a PEST analysis • Planning (action plan) • Contingency planning or risk assessments (not on the syllabus but accept if seen). • Taking payment with orders/deposit. **Example:** Completing market research [1] meant we produced the cupcakes customer wanted [1] reducing the risk of no sales [+1]	**3**	AO1 – 1 AO2 – 1 AO3 – 1

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Question	Answer	Marks	Guidance
3(d)	**Explain how technology was, or could have been, beneficial to <u>your enterprise project</u>.** Identification of technology [1] Explanation of the benefit to an enterprise [+1] Application to case study [1] Answers may include: • Greater access to internet / viral marketing opportunity • Improved internet speeds • Smart phone availability for ecommerce • Applications to help with completion of financial documents • Use of applications to produce and share surveys **Example:** Improved access to the internet [1] helped with online research [+1] to find the competing cupcake enterprises. [1]	**3**	AO1 – 1 AO2 – 1 AO3 – 1

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Question	Answer	Marks	Guidance
4(a)	**Using Table 1, calculate the contribution of each bouquet of flowers. Show your working.** $ 4.50 [2] If answer is incorrect one mark can be awarded for either: Contribution = Selling price minus variable cost [1] **Or** 10 - 5.50 [1]	**2**	AO1 – 1 AO2 – 1 Dollar sign not required
4(b)	**Calculate the number of bouquets of flowers Fern would need to sell to break even at the <u>rail station</u>. Show your working.** 12 [3] If total is incorrect marks may be awarded as follows: • ($54/ 4.50) [2] **OR** • Break even = fixed costs divided by contribution [1] • Fixed costs divided by (selling price – variable cost) [1]	**3**	AO1 – 1 AO2 – 2 OFR
4(c)	**State <u>one</u> financial record an enterprise would usually produce** Answers may include: • Cashflow forecast/statement • Income statement/profit and loss statement • Budgets • Receipts • Invoices	**1**	AO1 – 1

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Question	Answer	Marks	Guidance
4(d)	**Explain <u>two</u> problems an enterprise may have if accurate financial records are not kept.** Each point should be marked as follows Identification of a problem [1] Explanation showing the effect on an enterprise [+1] Answers may include: • Managers/owners gain incorrect view [1] therefore take incorrect decisions [+1] • Incorrect tax paid [1] leading to fines/ legal action [+1] • Forecasts will be incorrect [1] misleading shareholders about potential profit [+1] • Managers may spend above budget [1] leading to cashflow issues/ loans required [+1] • May become in debt to a lender[1] which they cannot pay [1] • May not know who owes you money [1] leading to cashflow issues [+1] • Unable to gain financial assistance [1] as cannot prove their ability to repay [+1]	**4**	AO1 – 2 AO3 – 2

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Question	Answer	Marks	Guidance
5(a)	**Define the term *business network.*** Precise definition [2] Partial definition showing some understanding [1] A group of entrepreneurs who meet on a regular basis to share ideas and explore business partnerships [2] A meeting where entrepreneurs advise and support each other [2] A group of entrepreneurs [1] discuss/share ideas and support [+1]	**2**	AO1 – 2
5(b)	**Explain <u>one</u> purpose of the minutes of a meeting.** Identification of a purpose [1] Explanation showing understanding [+1] Answers may include: • Gives a clear and accurate record of the meeting [1] for those who could not attend [+1] • Document the actions and decisions made [1] which allows monitoring to be completed [+1] • To record the meeting [1]	**2**	AO1 – 2

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Question	Answer	Marks	Guidance
5(c)(i)	**Explain <u>one</u> advantage to Fern of operating as a sole trader. Use an example from the case study to support your answer.** Identification of a benefit [1] Explanation showing understanding [+1] Application to case study [1] Answers may include: • Owner has full control/ makes all decisions • Quick, simple and low cost to set up • Owner keeps all the profits • Few legal documents required/easy to set up Example: Fern had very little finance [1] A sole trader has a low set up cost [1] as there are few legal documents needed [+1] Fern keeps all of the profits [1] with a contribution of $4.50 per bouquet [1] there would be very little to share with someone else [+1]	3	AO1 – 1 AO2 – 1 AO3 – 1

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Question	Answer	Marks	Guidance
5(c)(ii)	**Explain <u>one</u> disadvantage to Fern of operating as a sole trader. Use an example from the case study to support your answer.** Identification of a disadvantage [1] Explanation showing understanding [+1] Application to case study [1] Answers may include: • Owner responsible for all debts (unlimited liability) • Difficult to raise finance • Lack of specialist skills Example: Difficult to raise finance [1] as banks may be unwilling to lend/shares cannot be sold [+1] and Fern has very little money[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>
When purchasing flowers from the farmer, Fern could use trade credit.
Analyse the advantages and disadvantages of trade credit to: Fern <u>or</u> the farmer.
<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:
Description of what is meant by trade credit.

Phrases which demonstrate some analysis may include:
Fern would be able to buy the flowers she needs to operate her business even though she does not have the cash as the moment.

Phrases which demonstrate good analysis will the impact of this document on the enterprise. These may include:
Fern would be able to buy the flowers she needs to operate her business even though she does not have the cash as the moment allowing her to make more sales.
</td><td>10</td><td>Note: Examiner guidance for level 2 – maximum 6 marks for good analysis with limited application.

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

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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>
Fern is considering the future of Fern’s Flowers. She has three options:
Option 1: increase her marketing and continue working from home
Option 2: rent a stall in the rail station
Option 3: buy a franchise from a national company.
Evaluate which <u>one</u> of these options would be most suitable for the future success of Fern’s enterprise.

Justify your choice, explaining why you rejected <u>one</u> other option.
<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>
</td><td>15</td><td>Note: Examiner guidance for level 2 – maximum 6 marks for good analysis with limited application.

Both analysis and evaluation are covered by AO3.

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:** • Description or Identification of costs/ benefits of any option. **Phrases which demonstrate some analysis may include:** **Renting a stall** will give greater reach to new customers/ passing trade. Customer may be worried **buying from her home** she is not a real business/orders take time to produce as made to order. **Franchise** will attract many customers due to the brand name. **Phrases which demonstrate good analysis will the likely impact of the choice on the enterprise. These may include:** Renting a stall will give greater reach to new customers therefore she is likely to cover the increase the $54 per month rent. **Evaluation may be shown by a two-sided approach considering the 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>
Entrepreneurs are encouraged to produce documents when organising a new enterprise, including:

an action plan
a business plan
a cash flow forecast.

Analyse how any <u>two</u> of these documents assisted the operation of <u>your enterprise project</u>. Use examples to support your answer.
<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>
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The grade descriptions describe performance at the top of the band.</td></tr>
</table>

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Question	Answer	Marks	Guidance
7(a)	**Knowledge may include:** Action plan, business plan or cashflow forecast content or purpose. **Phrases which demonstrate some analysis may include:** Business plan helped us to apply for a loan from the principal for our cupcake enterprise. Action plan helped us to complete all the essential tasks in our cupcake enterprise. Cashflow forecast helped us to identify that we would not have enough money to pay for the best quality ingredients. **Phrases which demonstrate good analysis will the impact of the document on the operation/success of the enterprise. These may include:** Action plan helped us to complete all the essential tasks in our cupcake enterprise on time therefore we were ready for the day of trading.		

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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>
Entrepreneurs consider a variety of factors when assessing the effectiveness of the methods of market research they use. These can include:

accuracy of the results
cost of the research
suitability for the target market
time taken to complete.

Evaluate, using the factors listed above, the effectiveness of the methods of market research used in <u>your enterprise project</u>.
<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>
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Question	Answer	Marks	Guidance
7(b)	**Knowledge may include:** • Methods of market research • Definition of target markets. **Phrases which demonstrate some analysis may include:** Survey was accurate because we asked our target market of students. The survey also had no cost which was important as we had very little finance for the cupcake enterprise. An online survey was suitable for students as they all follow the school online account. **Phrases which demonstrate good analysis will the impact of the factor/market research on the enterprise. These may include:** Survey was accurate because we asked our target market of students therefore, we chose cupcakes that students wanted and made high sales. **Evaluation may be shown by a two-sided approach considering the negative aspects of each factor.**		

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