Cambridge IGCSE

Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

CANDIDATE NAME

CENTRE NUMBER | | | | | |

CANDIDATE NUMBER | | | | |

2573502509

ENTERPRISE **0454/11**

Paper 1 **October/November 2019**

1 hour 30 minutes

Candidates answer on the Question Paper.

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen.
Do not use staples, paper clips, glue or correction fluid.
DO **NOT** WRITE IN ANY BARCODES.

Answer **all** questions.

Each candidate should have received a copy of the case study prior to the examination.
A clean copy of the case study has been provided with this Question Paper.

Your answers must be based on the case study and your own enterprise experience and knowledge.

At the end of the examination, fasten all your work securely together.
The number of marks is given in brackets [ ] at the end of each question or part question.

This syllabus is regulated for use in England, Wales and Northern Ireland as a Cambridge International Level 1/Level 2 Certificate.

This document consists of **12** printed pages, **4** blank pages and **1** Insert.

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[Turn over

Section A

Answer **all** the questions.

1 Aurelie's mother wrote out a list of tasks to be included in an action plan.

(a) Explain the difference between the following terms:

(i) *revenue* and *profit*

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.....[2]

(ii) *overheads* and *variable costs*

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(iii) *business plan* and *action plan*.

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.....[2]

(b) State **two** time periods used when planning.

1 .....

2 .....[2]

(c) State **two** items that are usually included within an action plan, other than the tasks to be completed.

1 .....

2 .....[2]

[Total: 10]

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2 Aurelie's family sold their produce to a local co-operative.

(a) Explain what is meant by a *co-operative*.

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.....[2]

(b) State **two** types of business organisation, other than a co-operative.

1 .....

2 .....[2]

(c) Write down the type of business organisation you chose for **your enterprise project.**

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(i) Explain **one** advantage you experienced within **your enterprise project** as a result of your choice of business organisation. Use an example to support your answer.

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(ii) Explain **one** disadvantage you experienced within **your enterprise project** as a result of your choice of business organisation. Use an example to support your answer.

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.....[3]

[Total: 10]

3 Aurelie used the internet to research the number of visitors to the area.

(a) Explain **one** advantage and **one** disadvantage of using the internet for research.

Advantage .....

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Disadvantage .....

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.....[4]

(b) Explain **two** ways that Aurelie's family could ensure customer satisfaction at Valley View Farm Stay. Use examples to support your answer.

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2 .....

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[Total: 10]

4 Aurelie's parents have strong ethical principles.

(a) Explain the difference between *legal responsibilities* and *ethical principles*.

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(b) Explain **one** potential social impact of an enterprise such as the Valley View Farm Stay.

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(c) **(i)** Explain **one** possible advantage to Valley View Farm of having ethical principles when operating their enterprise. Use an example to support your answer.

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(ii) Explain **one** possible disadvantage to Valley View Farm of having ethical principles when operating their enterprise. Use an example to support your answer.

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[Total: 10]

5 One task on the list for the action plan would be to market the Valley View Farm Stay by identifying potential customers and telling them about it.

(a) State **two** primary methods of market research.

1 .....

2 .....[2]

(b) State **two** benefits to a customer of marketing.

1 .....

2 .....[2]

(c) Explain **two** methods of communicating with potential customers that would be suitable for Valley View Farm Stay.

1 .....

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2 .....

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[Total: 10]

Section B

Answer **all** the questions.

You may use the case study, your own enterprise experience and your knowledge of enterprise where appropriate to answer the following questions.

6 (a) Aurelie's parents were aware that there are many laws and regulations that protect consumers, employees and employers.

Discuss **two** ways that laws and regulations could affect the operation of Valley View Farm Stay. Use examples to support your answer. [10]

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(b) Aurelie's family would need to pay for the cost of converting the farm buildings and advertising the farm stay. There are a number of sources of finance they could use, including:

- an overdraft from a financial institution
- becoming a limited company and sell shares
- finance from private institutions, e.g. venture capital trusts
- reinvestment of their own profits.

Recommend which **two** of these sources of finance would be **most** appropriate for the family to use to pay for these additional costs. Justify why you have rejected the other sources of finance. [15]

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7 **(a)** Aurelie's mother identified that one important task would be to produce a simple budget for Valley View Farm Stay.

Discuss the importance of budgets to the success of **your enterprise project**. [10]

(b) Starting the Valley View Farm Stay would involve some risks. There are a number of ways to reduce the risks involved in starting an enterprise, including:

- completing research
- preparing a business plan
- producing a cash flow budget
- using a PESTEL analysis.

Evaluate the effectiveness of the methods you used, or could have used, to reduce the risks involved in **your enterprise project**. (You may refer to the methods listed above or other methods in your answer.) [15]

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