Cambridge Assessment International Education

Cambridge IGCSE™

ENTERPRISE **0454/12**

Paper 1 **October/November 2021**

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 October/November 2021 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

© UCLES 2021

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 2021

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.

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)

© UCLES 2021

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).

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 2021

Question	Answer	Marks	Guidance
1(a)	**Complete the following sentences by inserting <u>one</u> word in each space.** 1 mark per correct term. (i) Aims are what enterprises want to achieve in the **LONG** term (ii) Objectives are what enterprises want to achieve in the **SHORT** term	**2**	**AO1 – 2**
1(b)	**Explain <u>two</u> suitable aims or objectives that Kwame might have for his proposed new enterprise.** Each point should be marked as follows: Identification of a suitable aim/objective [1] Explanation showing understanding of why suitable for this enterprise. [+1] Answers may include: • gain sales • gain customers • survive • breakeven • have a positive cashflow. Examples: • their objective will be to attract customers [1] as a new enterprise [+1] • retaining customers [1] as Kwame needs to earn income each month. [+1]	**4**	**AO2 – 4**

© UCLES 2021

Question	Answer	Marks	Guidance
1(c)	**State <u>four</u> enterprise skills.** 1 mark per correct skill. Answers might include: • leadership • risk taking • problem solving • innovating • having a positive attitude • time management.	**4**	**AO1 – 4**

Question	Answer	Marks	Guidance
2(a)	**Explain <u>two</u> reasons why demand for a product or service may change.** Each point should be marked as follows: Identification of a reason [1] Explanation showing understanding [+1] Answers may include changes in: • taste and fashion • income • size of the population • structure of the population • changes in laws. Example: Increased incomes [1] so customers can afford to buy more expensive/ luxury products. [+1]	**4**	**AO1 – 4**
2(b)(i)	**Identify <u>one</u> risk of Kwame's proposed new enterprise.** Identification of a risk applied to this enterprise. [1] Answers may include risks from any of the following areas: • financial/ economic/health and safety/human resources/production • price may be too low/costs may be high or rise • competition may rise/demand may fall • insufficient finance • not completing correct paperwork.	**1**	**AO1**

© UCLES 2021

Question	Answer	Marks	Guidance
2(b)(ii)	**Explain <u>one</u> likely impact on Kwame's proposed new enterprise of the risk, identified in part (i).** Identification of an impact applied to the case study enterprise [1] Explanation of the impact of the risk. [+ 1] Example: • Kwame could get into debt [1] because he has unlimited liability [+1] • Kwame cannot start the enterprise [1] because his brother may not provide the extra finance required [+1] • he will make a loss on each service sold [1] because a price of $10 may be too low/ variable costs may not be zero [+ 1] • he will require more finance than expected [1 if costs of the equipment rise above $1350. [+1]	**2**	**AO2 – 1** **AO3 – 1**

Question	Answer	Marks	Guidance
2(c)	**Explain <u>one</u> method that could be used to reduce the risks in Kwame's enterprise.** Identification of a method [1] Explanation of how the method reduces risks [+ 1] Link to case study enterprise. [1] Answers may include: • complete research/ listen to feedback • produce a business plan/action plan • produce financial projections • SWOT analysis • PEST analysis • marketing/advertising. Example: Producing a detailed business plan [1] as Zane suggested [1] would help them identify risks and how to deal with them before starting. [1] Marketing [1] to reduce the risk of not getting customers [+1] as it is a competitive market. [1]	**3**	**AO1 – 1** **AO2 – 1** **AO3 – 1**

Question	Answer	Marks	Guidance
3(a)	**Explain <u>one</u> reason why it is important to plan before a meeting.** Identification of a reason for planning a meeting [1] Explanation showing understanding of the reason [+1] Answers may include: • Improves efficiency [1] helping decision making [+1] • All attendees know what to bring [1] so no time is wasted [+1] • Ensures a clear focus [1] so attendees do not waste time on unimportant discussions [1] • To have correct documentation (agenda/notice). [1]	**2**	**AO1 – 2**
3(b)	**Identify <u>two</u> weaknesses in Kwame's planning.** 1 mark per point. Answers might include: • Kwame chose a bad location for the cafe • Kwame chose an incorrect method of communication • he did not research the price (believed that if he charged a lower price he would succeed) • did not complete a business plan/ break-even /financial document • did not complete an action plan • he did not complete agenda/ minutes/ informal meeting.	**2**	**AO2**

© UCLES 2021

Question	Answer	Marks	Guidance
3(c)	**Explain how <u>one</u> document could have been used to improve Kwame's meeting with Zane.** Identification of a document [1] Detailed explanation showing the effect on the meeting [+ 1] Example from enterprise. [1] Answers might include: • Agenda • Notice of meeting • Minutes • Business plan • Financial documents Example: • minutes of the meeting [1] as Kwame forgot what Zane had suggested [1] having a record of the discussion would prevent this. • a detailed business plan [1] provides the financial details Zane wanted [1] he could have decided whether to invest much quicker. [+ 1]	**3**	**AO1 – 1** **AO2 – 1** **AO3 – 1**

Question	Answer	Marks	Guidance
3(d)	**Explain <u>one</u> method of communication, other than a meeting, that Kwame could have used to persuade Zane to invest in the enterprise.** Identification of a method of communication [1] Example from case study enterprise [1] Detailed explanation showing how communication would work. [+1] Answers might include: • formal report • letter • telephone conversation • email/online • presentation. Example: Power point presentation [1] could include the research Kwame had collected [1] so Zane could read it later. [1]	**3**	**AO1 – 1** **AO2 – 1** **AO3 – 1**

© UCLES 2021

Question	Answer	Marks	Guidance
4(a)(i)	**Define the following terms:** ***Fixed costs*** Costs that do not change with output/enterprise activity [2] Costs that do not change. [1]	**2**	**AO1 – 2**
4(a)(ii)	**Define the following terms:** ***Debt*** A sum of money that is owed/must be paid back [2] Owing someone/liability. [1]	**2**	**AO1 – 2**
4(b)	**Explain <u>two</u> suitable sources of start-up funding for Kwame's proposed new enterprise, other than personal savings.** Each source should be marked as follows: Statement of a source of start-up funding [1] Explanation of why source suitable [+1] Link to case study material. [1] Answers might include: • family and friends • bank overdrafts • bank loans • leasing • grants and subsidies • crowdfunding • selling shares. Example: Borrowing from family and friends [1] would mean he could pay back once he had gained enough home repair customers [1] started to earn money. [+1]	**6**	**AO1 – 2** **AO2 – 2** **AO3 – 2**

Question	Answer	Marks	Guidance
5(a)	**State <u>two</u> sections normally included in a business plan.** 1 mark per identified section Answers might include: • executive summary • background/preliminary information • production/ operations • marketing • human resources/personnel • finance.	**2**	**AO1 – 2**
5(b)	**Explain <u>one</u> reason why a business plan is necessary for an enterprise.** Identification of a reason [1] Explanation showing understanding. [+1] Answers might include: • to support an application for finance [1] as the creditor can see if the finance can be returned [+ 1] • gives a clear direction to the stakeholders [1] so they can see whether to invest/join [+ 1] • anticipates problems/risks [1] and therefore deal with them [+ 1] • decide if the enterprise is worthwhile operating [1] • reduces risk of failure. [1]	**2**	**AO1 – 2**

© UCLES 2021

Question	Answer	Marks	Guidance
5(c)	**Calculate the number of hours Kwame would need to work to break even. Show your working.** 150 hours [4] If final answer is incorrect marks can be awarded for method to a maximum of 3 as follows: Fixed costs / contribution or FC/(P – VC) [1] Fixed cost = 1000 + 320 + 30 OR 1350 [1] Contribution 9 (10 – 1) [1]	**4**	**AO1 – 1** **AO2 – 1** **AO3 – 2**
5(d)	**Explain <u>one</u> example of a cost that could have been included in Fig.1.** Identification of a cost for enterprise [1] Link to case study enterprise. [+1] Answers may include: • raw materials [1] Kwame had no stock identified [+ 1] • fuel [1] fuel for the van [+ 1] • marketing costs [1] no method of marketing was identified in the case study [+1] • wages [1] Kwame and Zane would not be able to survive with no pay. [+1]	**2**	**AO1 – 1** **AO2 – 1**

© UCLES 2021

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>6(a)</td><td>
There are many methods that can be used to measure customer satisfaction. These include:
• feedback questionnaires
• number of complaints
• number of sales

Analyse how Kwame and Zane could have used <u>two</u> of these to measure customer satisfaction in their home repair 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:
• understanding of what customer satisfaction is
• positives and negatives of any of the methods.

Phrases which demonstrate some analysis may include:
• on the questionnaire they ask customers to rate their repair service.
</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 how this will assist the home repair enterprise and may include:** • in the questionnaire they ask customers to rate their service therefore they can judge the quality of their service and decide what needs to improve. • Fixing the complaints could allow the repair enterprise to continue and thrive.		

© UCLES 2021

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>6(b)</td><td>
Kwame had intended to operate his enterprise as a sole trader. He considered asking Zane if he would join him as a partner.
Evaluate the advantages and disadvantages to Kwame of operating as a sole trader. Support your answer with examples from the case study.
<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 points might include:

advantages sole trader
disadvantages sole trader
advantages partnership
disadvantages partnership.

</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 will explain advantages/disadvantages and may include:** Kwame will not have to share his profits with Zane but in a partnership he would. **Phrases which demonstrate good analysis will explain how the advantage/disadvantage will impact the enterprise:** As a sole trader Kwame can make decisions faster as he would not need to consult anyone which will help the enterprise to set up quickly. **Evaluation maybe shown by a two-sided approach considering why a sole trader may not be a good idea. Phrases may include:** A sole trader organisation benefits Kwame in faster decision making in the repair business. However, he lacks skills such as planning and financial management which Zane has. Therefore a partnership may be the best decision as the joint skills would each help the new enterprise succeed.		

© UCLES 2021

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>7(a)</td><td>
Examples of stakeholders include customers, employees, suppliers, lenders, the local business community, and local government.
Analyse how any <u>two</u> of these stakeholders affected the operation of <u>your enterprise project</u>.
<table>
<tr><td>Level</td><td>Description</td><td>Mark</td></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>
Knowledge may include:
• description of stakeholders
• identifies general stakeholders needs.

Phrases which demonstrate some analysis may include:
• customers told me the product they liked which was popcorn.

Phrases which demonstrate good analysis will explain the affect / impact on operations such as:
• customers made decision-making easier as their feedback suggested popcorn would sell well, therefore I chose this product for my enterprise.
</td><td>10</td><td>The grade descriptions describe performance at the top of the band.</td></tr>
</table>

© UCLES 2021

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>7(b)</td><td>
The success of an enterprise can be evaluated in many ways. These include:

achieving sales
producing a quality good or service
profit
repeat custom.

Evaluate the success of <u>your enterprise project</u> using <u>two</u> of the ways listed above.
<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 2021

Question	Answer	Marks	Guidance
7(b)	**Knowledge may include:** • what is meant by each way of measuring success • how to calculate profit • how to measure repeat custom • stating other ways to measure success – benchmarking. **Phrases which demonstrate some analysis may include:** We sold more watches due to our low prices which improved sales. **Phrases which demonstrate good analysis will explain why the factor is important such as:** Our enterprise was a success as we invested the retained profit into purchase of better quality watches with a higher profit margin. This attracted a new group of customers and further improved our profits. **Evaluation maybe shown by a two-sided approach considering why one factor was not important to them such as:** Our watch enterprise was successful as we made profit and gained repeat custom although we were not successful in producing a quality service as some of us did not know how to speak properly to customers. This lost us some sales and made our profit lower than it could have been.		