Cambridge Assessment International Education

Cambridge IGCSE™

ENTERPRISE **0454/13**

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.

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[Turn over

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.

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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.

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)

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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.

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Question	Answer	Marks	Guidance
1(a)	**Explain what is meant by the following enterprise skills:** **(i)** ***problem-solving*** **(ii)** ***creativity.*** Each point should be marked as follows: Precise explanation (2) Imprecise answer showing some understanding (1) Answers might include: (i) problem-solving The ability to recognise the key issue to find solutions [2] Solving obstacles that hinder progress [2] Finding solutions. [1] (ii) creativity The ability to produce or use original and unusual ideas [2] New ideas. [1]	**4**	**AO1**

Question	Answer	Marks	Guidance
1(b)	**Explain how each of the following stakeholders could affect Marissa's proposed enterprise:** **(i) customers** **(ii) the recycling company manager.** Identification of an impact [1] Link to case study enterprise [1] Explanation showing understanding of the impact. [+1] Customers answers might include: • not willing to buy [1] the bottles [1] so the enterprise fails [+1] • demand lower prices [1] so break-even quantity rises [+1] and the factory owner does not cover the cost of the machine • provide feedback [1] which she can use to develop the product further. [+1] Identification of an impact [1] Link to case study enterprise [1] Explanation showing understanding of the impact [+1] The recycling company manager answers may include: • unwilling to make the bottles [1] because the machine would cost US$1500 [1] so she would not have a product [+1] • knows how to produce a quality [1] recycled bottle [1] which could generate more sales. [+ 1]	**6**	**AO1 – 2** **AO2 – 2** **AO3 – 2**

Question	Answer	Marks	Guidance
2(a)(i)	**Explain the effect of <u>one</u> health and safety risk in an enterprise.** Identification of a risk [1] Explanation showing understanding [+1] Answers may include: • uneven flooring [1] so customers trip [+1] • staff not being trained to complete tasks [1] so hurt themselves [+1] • food being poisonous in a food enterprise [1] customers become sick [+1] • food makes people ill [1] the business is taken to court/fined/closed. [+1]	**2**	**AO1 – 2**
2(a)(ii)	**Explain the effect of <u>one</u> production risk in an enterprise.** Identification of a risk [1] Explanation showing understanding of the impact of the risk [+1] Answers may include: • producing too few/too many [1] so costs not covered [+1] • goods not being produced to the standard required [1] therefore do not sell [+1] • costs being higher than expected [1] increasing break even quantity needed. [+1]	**2**	**AO1 – 2**

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Question	Answer	Marks	Guidance
2(b)	**Explain how Marissa could have used market research to reduce the risks in her enterprise. Use an example from the case study to support your answer.** Basic explanation of a way market research reduces risks [1] OR Developed explanation showing how it would reduce risks [2] Example from case study enterprise. [+1] Answers might include: • research would identify the potential demand reducing the risk of overproducing and making a loss [2] when manufacturing the bottles [+1] • identifying potential demand could prove that sufficient bottles would be sold [1] to cover the cost [1] US$1500 cost of the investment in the machine [+1] • she could research the type of cup people would buy [+1] this would reduce the risk of the item not selling [1] and increase potential revenue [1] • research if similar cups are available [+1] which would be her competition [1] and reduce her sales. [1]	3	**AO2 – 1** **AO3 – 2**

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Question	Answer	Marks	Guidance
2(c)	**Explain <u>one</u> reason why Marissa might decide <u>not</u> to start the reusable drinking bottle enterprise. Use an example from the case study to support your answer.** Basic explanation of why [1] Developed explanation showing understanding [+1] Example from the case study. [1] Answers might include: • she does not think she will sell 300 bottles [1] to break-even [1] which is a risk [+1]. • having to give a presentation [1] maybe too stressful [1] and she is therefore unable to gain the sales [+1] • students maybe unwilling to buy the bottles [1] therefore the guaranteed sales are not sufficient [1] to persuade the recycling company manager to make the product. [+1]	**3**	**AO2 – 1** **AO3 – 2**

Question	Answer	Marks	Guidance
3(a)	**Define the term *ethics.*** Precise definition [2] Imprecise definition showing some understanding. [1] A way of doing something because it is the morally correct thing to do [2] Following your moral beliefs and principles [2] Doing the right thing. [1]	**2**	**AO1**
3(b)	**Explain <u>one</u> positive impact that an enterprise might have on the local community. Use an example from any enterprise you are aware of to support your answer.** Identification of an impact [1] Link to an example enterprise [1] Explanation showing understanding of the effect. [+1] Answers might include: • fair trade organisations ensuring fair pay to workers • organic farming reducing the level of chemical pollution • creating jobs • giving money to local charities. Example: My local coffee bar, improves the quality of life of local people [1] by hosting lunches [1] for people who cannot afford to buy meals. [+1]	**3**	**AO1 – 1** **AO2 – 1** **AO3 – 1**

Question	Answer	Marks	Guidance
3(c)	**Explain <u>one</u> negative impact that an enterprise might have on a community. Use an example from any enterprise you are aware of to support your answer.** Identification of an impact [1] Explanation showing understanding of the effect [+1] Link to an example enterprise. [1] Answers might include: • noise pollution • litter pollution • congestion on roads • force established businesses to close. Example: My local coffee bar causes litter [1] when people throw away their coffee cups [1] which cannot be recycled [+ 1] The local paint factory put waste chemicals into the water [1] creating pollution [1] which killed the fish. [+ 1]	**3**	**AO1 – 1** **AO2 – 1** **AO3 – 1**

Question	Answer	Marks	Guidance
3(d)	**Describe <u>one</u> way in which laws and regulations could affect the marketing of an enterprise.** Identification of a way [1] Explanation showing understanding. [+1] Answers might include: • item must be accurately described/truthful advert • advert should be legal • adverts should decent • adverts should be socially responsible (not encouraging illegal, unsafe, or anti-social behaviour). Example: Adverts must be accurate [1] they cannot claim the product is environmentally friendly if it is not. [+1]	**2**	**AO1**

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Question	Answer	Marks	Guidance
4(a)	**Describe <u>one</u> informal method of communication that Marissa used.** Identification of an informal method of communication [1] Explanation of an informal method of communication from the case study material. [+1] Answers might include: • Marissa talked [1] to the factory owner [+1] • chatting [1] with her friends [+1] • informal meeting [1] with the principal of the school. [+1]	**2**	**AO1 – 1** **AO2 – 1**
4(b)	**Explain <u>one</u> reason why a presentation was a suitable method of communication with the school students.** Identification of why presentations are suitable for school students [1] Explanation showing detailed understanding. [+1] Answers might include: • all students can see the presentation at the same time [1] for example in the school assembly [1] • information is shown on the slide and spoken about [1] so different people can understand it [1] • the inspirational presentation [1] will encourage students to buy. [1]	**2**	**AO2**

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Question	Answer	Marks	Guidance
4(c)	**Justify a suitable method of marketing communication that Marissa could use to encourage sales of the reusable drinking bottles to:** **(i) Customers from a local fitness centre** **(ii) International customers.** Identification of a method of marketing communication [1] Identification of a method of research suitable for this small enterprise in the case study [2] Justification of why suitable. [+1] **Customers from a local fitness centre** Answers might include: • newspapers [1] • television [1] • local newspapers [2] • local sports magazines [2] • posters/leaflets [2] • word of mouth [2] • sponsorship [2] • social media [2] Example: Posters [2] which they read when exercising. [+1] Identification of a method of marketing communication [1] Identification of a method of research suitable for this small enterprise in the case study [2] Justification of why suitable. [+1] **International customers** Answers might include: • (local) newspapers [1] • posters/leaflets [1] • word of mouth [1] • sponsorship [2] • social media [2]	**6**	**AO1 – 2** **AO2 – 4**

Question	Answer	Marks	Guidance
4(c)	• television [2] • international magazines [2] Example: Social media [2] can be seen from anywhere in the world. [+1]		

Question	Answer	Marks	Guidance
5(a)	**State <u>one</u> example of a variable cost for an enterprise.** Answers might include: • fuel • raw materials • packaging • wages (linked to production).	**1**	**AO1**
5(b)	**Explain <u>one</u> reason why an enterprise would need a business plan.** Identification of a reason [1] Explanation of a reason. [+1] Answers may include: • to support an application for finance [1] as the creditor can see if the finance can be returned [+1] • give a clear direction to the stakeholders [1] so they can see whether to invest/join [+1] • anticipate problems/risks [1] and therefore deal with them [+1] • see if the enterprise is worthwhile operating. [1]	**2**	**AO1**
5(c)	**Explain <u>two</u> reasons why a business plan may need to be updated.** Each reason should be marked as follows: Identification of a reason [1] Explanation of a reason. [+1] Answers may include: • changes in economic situation [1] such as a fall in incomes [1] • changes to the market/new competitor [1] • achieved its objectives [1] so must set new ones [1] • growth/shrinkage of the enterprise [1] so marketing mix must change [1] • development of a new product. [1]	**4**	**AO1**

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Question	Answer	Marks	Guidance
5(d)	**Describe <u>one</u> document Marissa could have used in her meetings.** Identification of a document [1] Explanation of a reason why it is completed [+1] Link to enterprise in the case study. [1] Answers may include: • action plan [1] so tasks are not forgotten [+1] such as the number of bottles to be produced [1] • agenda [1] to ensure she covered all points [+1] including the price she would charge for the bottles [1] • cashflow forecast [1] to show loans are required [1] • budget [1] to show amount spending [1] • income statement [1] showing enterprise as profitable. [1]	**3**	**AO1 – 2** **AO2 – 1**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>6(a)</td><td>
Marissa's friends said the most important factors for them would be the final design and the price of a reusable drinking bottle.
Analyse <u>two</u> methods of market research that Marissa could use to find out what other potential customers would want from a reusable drinking bottle.
<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:
• methods of market research.

Phrases which demonstrate some analysis may include:
• a questionnaire will allow Marissa to ask school students
• a survey online will reach international customers.

Phrases which demonstrate good analysis will show how this will assist Marissa and may include:
• a questionnaire will allow Marissa to ask school students specific questions on the features of the bottle. So it will provide the exact information she requires.
• a survey online will reach international customers and could be posted on environmental sites where she is more likely to find customers interested in this type of product.
</td><td>10</td><td>The grade descriptions describe performance at the top of the band.</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>6(b)</td><td>
The recycling company manager would not risk investing this amount of money unless he was convinced that he could sell enough bottles to cover the cost.
Evaluate whether the recycling company manager should invest in the new machine. Use a break-even calculation to support your answer.
<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:
• definition of break-even
• the formula for break-even
• understanding that enterprise investment is used to increase output
• current trends include purchase of recycled products.

Phrases which demonstrate some analysis may include:
• Total revenue – $5 × 150 = £750
• Break-even 1500/5 = 300.
</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 good analysis will explain how this will impact the purchase of the machine and may include:** • To break-even 300 bottles must be sold. With the order from the principal of 150 bottles Marissa may break-even within the year. • Marissa has evidence that other customers will be interested in the bottle and if she sells internationally, she is more likely to order enough bottles to cover the investment in the machine. • There is no guarantee that more bottles will be sold as Marissa only has one order for 150. **Evaluation maybe shown by a two-sided approach considering why the investment may not be a good idea.** Marissa has evidence that other customers will be interested in the bottle and if she sells internationally, she is more likely to order enough bottles to cover the investment in the machine. However, there is no guarantee that more bottles will be sold as Marissa only has one order for 150. So buying the machine is a risk for the recycling manager and may not be worthwhile.		

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>7(a)</td><td>
Planning is an important part of the negotiation process. It includes:
• setting objectives
• choosing evidence to use
• selecting the benefits of the proposal
• selecting the weaknesses of the proposal
• considering arguments and counter-arguments.

Discuss the importance of any <u>two</u> of the above stages to the success of a negotiation you were involved in during your <u>enterprise project</u>.

<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>

Knowledge may include:
• knowledge of what is meant by negotiation
• understanding of what is meant by any of the stages.

Phrases which demonstrate some analysis may include:
• setting objectives will keep the negotiation focussed
• choosing evidence to use means we don’t waste time in the negotiation.
</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)	**Phrases which demonstrate good analysis will explain the impact on the success of the negotiation such as:** • Setting objectives will keep the negotiation focussed meaning we were more likely to achieve the intended objective and reach agreement • choosing evidence to use means we don't waste time in the negotiation. If the evidence is strong, we are more likely to persuade people to our viewpoint.		

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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>
Start-up funding could be obtained from:
• banks
• family and friends
• personal savings
• selling shares.

Evaluate the positive and negative effects of <u>two</u> sources of finance you used, or could have used, in <u>your enterprise project</u>. You may include the sources of finance listed above in your answer.

<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>
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</table>

Knowledge may include:
• understanding of methods of finance
• knowledge of the advantage and disadvantages of the methods chosen.
</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 will explain the positives or negatives linked to the enterprise such as:** • my family know me and were therefore willing to wait for me to pay back • as a start-up with limited finance, we had to choose cost effective methods • as we were a partnership with low costs of $100 our own savings were sufficient to finance the enterprise. **Phrases which demonstrate good analysis will explain why the factor is important such as:** • my family know me and were therefore willing to wait for me to pay back without charging interest which meant my costs were lower • personal savings meant the money does not need to be paid back and as a start-up with limited finance, we had to choose cost effective methods • as we were two partners with costs of $100 our own savings were insufficient to finance the enterprise. **Evaluation maybe shown by a two-sided approach considering why one factor was not important to them.** Using my personal savings of $100 meant the money did not need to be paid back and had no extra interest. This was important as a new enterprise as I needed to use cost effective methods. However, this was not the best choice as it meant I had no money left to buy extra materials when I ran out of stock.		

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