Cambridge Assessment International Education

Cambridge IGCSE™

ENTERPRISE **0454/11**

Paper 1 **October/November 2022**

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 2022 series for most Cambridge IGCSE™, Cambridge International A and AS Level 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 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.

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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)	**Define the term *stakeholder.*** Precise definition [2] Imprecise definition showing some understanding [1] An individual, group or organisation with an interest in the activities of a business [2] Anyone interested in an organisation. [1]	**2**	**AO1**
1(b)	**Explain how <u>two</u> stakeholders maybe be affected if the clothing factory closed.** Each point should be marked as follows: Identification of a stakeholder [1] Application to the clothing factory case study [1] Explanation of how they are affected by closure [+1] Answers might include: • Virgil's friend [1] supplies the cartoons [1] so will lose his income if the business fails [+1] • workers [1] such as machinists [1] would lose their jobs [+1] • customers [1] who buy clothing from the factory [1] would lose their supplies [+1] • suppliers [1] of cloth [1] would lose custom [+1] • owners [1] Virgil and Rinsola [1] would lose their income. [+1]	**6**	**AO1 – 2** **AO2 – 2** **AO3 – 2**

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Question	Answer	Marks	Guidance
1(c)	**Explain <u>one</u> risk involved in the V&R t shirt enterprise.** Identification of a risk [1] Explanation applied to a clothing factory [+1] General answers may include: • health and safety • environmental • human resources • production • economic/financial. Example: Production risk [1] the factory may produce defective clothing not fit to sell. [+1] Increase in cost of raw materials [1] increasing the costs of the clothing [+1] Customers do not like the idea [1] of the cartoons on the t-shirts. [+1]	**2**	**AO1 – 1** **AO2 – 1**

Question	Answer	Marks	Guidance
2(a)	**Define the following terms. Use an example to support each answer.** Each point should be marked as follows: Definition [1] Example [1]	**4**	**AO1 – 2** **AO2 – 2**
2(a)(i)	**legal obligations** Legal obligations – must be followed by (law) [1] The law forbids the use of other people's logos for commercial gain. [1]		
2(a)(ii)	**ethical considerations** Ethical considerations – moral values and principles that govern a person's behaviour [1] Buying fair trade raw materials. [1]		
2(b)	**Explain <u>one</u> reason why laws and regulations are needed in production. Use an example to support your answer.** Identification of a reason [1] Example showing application to an enterprise. [1] Explanation showing understanding [+1] Answers might include: • ensure health and safety of workers/ community adjacent to factory • products will not hurt consumers • production does not damage the environment. Example: • ensure health and safety [1] workers should not be injured whilst working [+1] on unsafe printing machines [1] • to protect the environment [1] stopping producers disposing of waste [1] in an unsafe way. [+1]	**3**	**AO1 – 2** **AO2 – 1**

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Question	Answer	Marks	Guidance
2(c)	**Explain <u>one</u> impact on <u>your enterprise project</u> of keeping to laws and regulations. Use an example to support your answer.** Identification of an impact of laws/regulations [1] Application to the candidate`s enterprise project [1] Explanation showing how this effects the enterprise [+1] Answers might include: • increased costs • delays in setting up • increased demand from consumers • more likely to be given government loans/grants. Example: Offering safety training [1] will increase costs [1] which will reduce the profit margin per cupcake. [1]	**3**	**AO1 – 2** **AO2 – 1**

Question	Answer	Marks	Guidance
3(a)	**State <u>two</u> financial records an enterprise should keep, other than a cost budget.** 1 mark per document. Answers could include: • revenue budget • cashflow (forecast) • income statements / profit and loss account.	**2**	**AO1**

Question	Answer	Marks	Guidance
3(b)	**Calculate the variable cost for <u>one</u> t-shirt if a total of 500 t-shirts are produced. Show your working.** [2] Correct answer $3 (1500/500) [1] Identification of correct costs for 500 t-shirts: Fabric and thread $ 1000 Dye and packaging $500 **Or** 1500 for 500 t-shirts.	**2**	**AO1 – 1** **AO2 – 1**
3(c)	**Calculate the number of t-shirts that would need to be sold each year to break-even, if each t-shirt was sold at a price of US$6. Show your working.** 4834 t-shirts [4] If incorrect answer provided marks maybe awarded for: Break even formula – fixed cost / (price – variable cost) **OR** fixed cost/ contribution [1] fixed cost =14500 [1] contribution – $3 ($6–$3) **or OFR** [1]	**4**	**AO1 – 1** **AO2 – 2** **AO3 – 1**
3(d)	**Explain the effect on break-even output each year if the price charged per t-shirt was increased to US$8.** 14500/5 =2900 [2] Break even output will fall [1] by 1934 [+1] More contribution per t-shirt sold/($8–$3 = 5) [1]	**2**	**AO1 – 1** **AO3 – 1**

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Question	Answer	Marks	Guidance
4(a)	**Explain <u>one</u> advantage of operating as a business partnership.** Identification of an advantage [1] Explanation showing understanding [1] Answers may include: • less legal formalities than other types of business organisation [1] so easy/simple to set up [1] • share workload [1] more work completed/ less stress [1] • partners each contribute capital [1] more finance available [1] • partners keep profits [1] • share costs. [1]	**2**	**AO1**
4(b)	**Explain <u>one</u> disadvantage of operating as a business partnership.** Identification of a disadvantage [1] Explanation showing understanding [1] Answers may include: • unlimited liability [1] partners fully responsible for all debts [1] • difficult to raise finance externally [1] rely on owner's funds [1] • disagreements and conflicts can arise [1] decision making maybe slow [1] • decisions made by one partner legally binding on all partners [1] • share profits. [1] Example: Shared decision making [1] may mean decisions take longer to make. [1]	**2**	**AO1**

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Question	Answer	Marks	Guidance
4(c)	**Explain how <u>two</u> sources of help and support could assist Rinsola and Virgil in their t-shirt enterprise.** Each point should be marked as follows: Identification of a source of help and assistance [1] Explanation showing understanding of how this helps/assists [+1] Example showing application to the case study [1] Answers might include: • governments • business agencies • consultants • financial institutions • charities/ not-for-profit • business networks • other entrepreneurs • friends and family. Example: Rinsola and Virgil considered asking for a grant [1] from the government [1] a source of finance which does not need to be repaid. [+1]	**6**	**AO1 – 2** **AO2 – 2** **AO3 – 2**

Question	Answer	Marks	Guidance
5(a)	**State <u>two</u> items usually included in the operations (production) section of a business plan.** 1 mark per correct item. Answers may include: • equipment • resources such as raw materials needed • method of production to be used e.g. flow, batch etc.	**2**	**AO1**
5(b)	**Explain <u>one</u> way a business plan could be useful to an enterprise.** Identification of a use [1] Explanation showing understanding [+1] Answers may include: • show a route map [1] for how to operate the business [+1] • aims show what the business is trying to achieve [1] to check progress [+1] • required by financial institutions [1] before approving finance (loans) [+1] • use the market research [1] to decide if enterprise will be successful/earn revenue [+1] • use cashflow [1] to decide affordability of loan [+1] • financial records/forecasts [1] to assess profitability. [+1]	**2**	**AO1**

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Question	Answer	Marks	Guidance
5(c)	**Explain <u>two</u> actions Virgil and Rinsola could take to encourage clothing retailers to place future orders of t-shirts. Use examples to support each answer.** Each action should be marked as follows: Identification of an action [1] Explanation showing how this would ensure customer retention [+1] Application to case study [1] Answers could include: • effective customer service • resolving complaints • discount for repeat orders • sell in bulk • new/consistent quality products • new services • advertising. Examples: • A discount could be given on the second order [1] of t-shirts [1] therefore retailers return [+1] • Advertising [1] to raise awareness of the new product [+1] • Sell in bulk[1] at a lower price per unit/discount. [+1]	**6**	**AO1 – 2** **AO2 – 2** **AO3 – 2**

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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>
Opportunities for enterprise arise in different ways including taking advantage of the:

availability of grants and subsidies
changes in taste and fashion
opportunities offered by globalisation.

Discuss how Virgil and Rinsola could use <u>two</u> of the opportunities above to develop their t-shirt enterprise.
<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:

grant is a gift of money from the government
subsidy is a reduction in costs caused by government giving money
globalisation is the process by which the world is becoming increasingly interconnected because of increased trade.

Phrases which demonstrate some analysis may include:
Virgil and Rinsola business is highly dependent on fashion (as a clothing business).
Phrases which demonstrate good analysis may include:
Virgil and Rinsola could design T-shirts to fit with the new fashion which could increase their revenue helping to ensuring the new enterprise is a success.
</td><td>10</td><td>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>
Evaluate <u>two</u> methods of marketing communication that clothing retailers could use to persuade customers to purchase their t-shirts.
<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:
Methods of marketing communications from topic 8.4 of the syllabus.
Phrases which demonstrate some analysis may include:
Posters in the clothing retailers’ stores ensures customers are aware of the new product.
Phrases which demonstrate good analysis will show why this is important to long term success and may include:
Posters in the clothing retailers’ stores ensures customers are aware of the new product. Customers will be persuaded by the photos of the new t-shirt and will search for them in the store.
Evaluation maybe shown by a two-sided approach considering the benefit and negative aspects of each choice.
</td><td>15</td><td>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>7(a)</td><td>
Enterprises use different types of planning. These include:
• action plan
• plan for a negotiation
• planning of market research.

Analyse the effectiveness of any <u>one</u> of the above types of planning completed during <u>your 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
• contents and purpose of an action plan
• definition of negotiation/reasons for planning a negotiation
• what is market research/methods of market research.
Phrases which demonstrate some analysis may include:
The action plan helped us be more efficient because we knew what tasks involved in making the alouda (drink) had been completed.
Phrases which demonstrate good analysis may include
The action plan helped us be more efficient because we knew what tasks involved in making the alouda (drink) had been completed. This saved us wasting time repeating tasks which meant we had more time to organise the sales.
</td><td>10</td><td>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>7(b)</td><td>
Enterprises have different business aims and objectives, each of which will affect how the enterprise operates. These include:

being ethical
gaining customers
making profits
providing a good or service to a community.

Evaluate how <u>two</u> aims or objectives affected the operation of <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>
<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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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:

difference between long term aims and short-term objectives
meaning of terms: ethical, profit
examples of good service.

Phrases which demonstrate some analysis may include:
Our aim was to make a profit so we needed a product that would be attractive to customers.
</td><td>15</td><td>The grade descriptions describe performance at the top of the band.</td></tr>
</table>

Question	Answer	Marks	Guidance
7(b)	**Phrases which demonstrate good analysis will show how this will impact upon success and may include:** As well as having a product which customers wanted, we also needed to negotiate a low cost from suppliers to maximise the profit margin but this took a lot of time. **Evaluation maybe shown by a two-sided approach considering the benefit and negative aspects of each factor.**		