Cambridge Assessment International Education

Cambridge IGCSE™

ENTERPRISE **0454/13**

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.

© UCLES 2022

[Turn over

PUBLISHED

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 2022

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.

© UCLES 2022

PUBLISHED

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).

© UCLES 2022

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 2022

Question	Answer	Marks	Guidance
1(a)	**Identify the <u>four</u> missing stages of the enterprise process:** 1 mark per correct stage. Answers are: • exploring creative solutions • action planning • monitoring (progress) • evaluation (of successes and failures).	**4**	**AO1**
1(b)	**Explain <u>one</u> way changes in needs or wants have affected Divock's family farm. Use an example from the case study to support your answer.** Identification of a way changes could affect an enterprise [1] Explanation showing understanding [+1] Example from the case study [1] Answers might include: • modify the product • introduce a new product • remove a product • reduce the price • purchase new machinery • employ more workers. Example: Needed to change the product [1] due to the increased popularity [+1] of vegan ice cream. [1]	**3**	**AO1 – 1** **AO2 – 1** **AO3 – 1**

© UCLES 2022

Question	Answer	Marks	Guidance
1(c)	**Explain <u>one</u> way advances in technology have affected an enterprise that you have studied. Use an example to support your answer.** Identification of a way an advanced in technology could affect an enterprise [1] Explanation showing understanding of impact [+1] Example from an enterprise [1] Answers might include: • reduces the number of workers required • requires additional capital • increases productivity/saves time • reduces the demand for some products. Example: Advances in technology allow customers to order products onscreen [1] McDonald's has used such machines in their restaurants [1] which means they require less workers on the tills. [+1]	**3**	**AO1 – 1** **AO2 – 1** **AO3 – 1**

© UCLES 2022

Question	Answer	Marks	Guidance
2(a)	**Define the following terms:** Precise definition [2] Imprecise definition showing some understanding [1]		
2(a)(i)	**fair trade** When producers in developing countries are paid a fair price for their work, by companies in developed countries. [2] The price paid for products gives enough to producers for them to afford essentials – like food, education, and healthcare. [2] Paying a fair price to workers/suppliers. [1]	**2**	**AO1**
2(a)(ii)	**organic farming** Growing and nurturing crops without the use of synthetic fertilisers and pesticides. [2] Natural farming. [1]	**2**	**AO1**

© UCLES 2022

Question	Answer	Marks	Guidance
2(b)	**Explain <u>one</u> possible legal obligation for the owners of the vegan ice cream enterprise. Use an example from the case study to support your answer.** Identification of a legal obligation [1] Explanation showing understanding [+1] Example applying problem to ice cream production or farming [+1] Answers may include: • health & safety • employment • production • marketing and selling. Examples: As an employer [1] they must ensure farm workers [+1] are paid the amount stated in their employment contract. [1] Adverts must be truthful [1] all ice cream labelled vegan [1] must not contain any animal products. [+1]	**3**	**AO1 – 1** **AO2 – 1** **AO3 – 1**
2(c)	**Explain <u>one</u> risk involved in the expansion of the vegan ice cream enterprise. Use an example from the case study to support your answer.** Identification of a risk [1] Explanation showing understanding [+1] Example applying risk to expansion in this enterprise [+1] Answers may include: • economic • financial • health and safety / environmental • human resource • production. Example: Financial [1] the family would use savings [1] which may be lost. [+1]	**3**	**AO1 – 1** **AO2 – 1** **AO3 – 1**

© UCLES 2022

Question	Answer	Marks	Guidance
3(a)	**Explain how each of the following stakeholders could measure the success of the vegan ice cream enterprise:** Each stakeholder should be marked as follows: Identification of a measure of success [1] Application to stakeholder [+1] Answers may include:		**AO1 – 2** **AO2 – 2**
3(a)(i)	**local restaurants** • supplies of the vegan ice cream arrive on time [2] • good quality product [1] which customers want to buy [+1] • customers demand/high sales. [1]	**2**	
3(a)(ii)	**the farmers in the co-operative** • sales revenue rising [1] so they receive a greater share [+1] • profit [1] increasing the profit per farmer [+1] • repeat orders [1] for the new product. [+1]	**2**	

© UCLES 2022

Question	Answer	Marks	Guidance
3(b)	**Explain how <u>one</u> source of help and support could assist Divock and his mother, other than a financial institution.** Identification of a source of help and support [1] Explanation showing understanding of how they would assist [+1] Applied to Divock's enterprise situation [+1] Answers might include: • government/business agencies • consultants • charities • business networks • other entrepreneurs/farmers in the cooperative • friends & family. Example: Other entrepreneurs [1] who operate co-operatives [1] could advise him on how to set up. [+1]	**3**	**AO1 – 1** **AO2 – 1** **AO3 – 1**
3(c)	**Explain how <u>one</u> marketing communication would be suitable to inform local restaurants about the vegan ice cream.** Identification of a marketing communication [1] Explanation showing understanding of how it would be used [+1] Applied to the case study enterprise/ vegan ice cream [1] Answers might include: • leaflets/brochure • magazine(business) advertisement • word of mouth (face to face conversation) • announcements. Example: Leaflets [1] sent directly to restaurants [+1] showing the flavours available. [1]	**3**	**AO1 – 1** **AO2 – 1** **AO3 – 1**

Question	Answer	Marks	Guidance
4(a)	**State <u>two</u> financial records usually included in a financial plan.** 1 mark per correct record. Answers might include: • cash flow forecast /statement • sales budget • costs budget • income statements/ trading profit and loss • statement of financial position / balance sheet.	**2**	**AO1**
4(b)	**Explain <u>one</u> reason why accurate financial records should be kept by an enterprise.** Identification of a reason [1] Explanation showing understanding [+1] Answers might include: • to give a true/fair view to stakeholders • legal reasons • taxation reasons • to assist in forecasting • to assist with decision making for owners/shareholders • used as evidence of their activity • provides evidence that the enterprise can afford finance.	**2**	**AO1**
4(c)	**Define the term *debt.*** Precise definition [2] Imprecise definition showing some understanding [1] Answers may include: Debt is an obligation that requires one party, the debtor, to pay money to another party, the creditor [2] Owing something. [1]	**2**	**AO1 – 2**

© UCLES 2022

Question	Answer	Marks	Guidance
4(d)	**Describe <u>two</u> benefits of preparing a business plan. Use examples from the case study to support your answer.** Each benefit should be marked as follows: Identification of a benefit of producing a business plan [1] Explanation of benefit applied to Divock's enterprise idea [+1] Answers might include: • provides essential information about the market [1] • identifies costs so can arrange finance in advance [1] • persuades financiers to invest [1] • produces targets so know if you have achieved them [1] • helps with organisation so nothing is forgotten [1] • helps to make business choices. [1] Example: Financial section lists all the costs [1] so Divock realised he needed more finance. [+1]	**4**	**AO1 – 2** **AO2 – 2**

Question	Answer	Marks	Guidance
5(a)	**Define the term *body language,* using an example from <u>your enterprise project</u>.** Definition [1] Example from own enterprise [1] Communication which involves facial expressions and body movements. [1] Example: When speaking to customers at my cupcake stall, I smiled to show I was welcoming them. [2]	**2**	**AO1 – 1** **AO2 – 1**
5(b)	**Explain <u>one</u> way using written communication helped <u>your enterprise project</u>.** Identification of a way written communication impacts [1] Example applied to own enterprise project [+1] Answers will depend upon own enterprise project Example: When dealing with suppliers I wrote down the items I wanted to buy [1] this meant the supplier could not forget what was ordered. [1]	**2**	**AO1 – 1** **AO2 – 1**

© UCLES 2022

Question	Answer	Marks	Guidance
5(c)	**Explain how Divock could have used <u>two</u> documents to improve the formal meeting with the farmers.** Each document should be marked as follows: Identification of a document [1] Explanation showing understanding of how it would improve the meeting [+1] Applied to Divock's meeting [1] Answers might include: • notice of meeting • agenda • minutes • visual aids • handouts. Example: A handout [1] containing the financial plan [1] would help the farmers see the cost of the enterprise. [+1]	**6**	**AO1 – 2** **AO2 – 2** **AO3 – 2**

© UCLES 2022

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>6(a)</td><td>
Divock needs to decide how to obtain the new machine for the vegan ice cream enterprise. He has two options:
• use a bank loan
• lease the machine.

Analyse which of these two options Divock should choose. You should use calculations 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 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 points may include:
• definitions of each method of finance
• advantages and disadvantages of bank loans/leasing
• awareness that annual means yearly.
Phrases which demonstrate some analysis could include:
• a bank loan is cheaper and can be paid back in regular amounts each month
• interest is US$400 per year
• total cost of loan is US$10 000 5 % interest per year
• total cost of leasing is US$ 12000.
Phrases which demonstrate good analysis will explain the impact upon the enterprise of the point and may include:
• a bank loan is cheaper and can be paid back in regular amounts each month. This will allow Divock the opportunity to use his income to purchase essential raw materials for the ice cream.
</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>
Divock thought that his mother would not be willing to set up a limited company. He therefore suggested setting up a farmer co-operative.

Evaluate which is the most suitable type of business organisation for the vegan ice cream enterprise:
• limited company
• co-operative.

You should include the advantages and disadvantages of each option 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 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 may include:
• definitions of each type of business organisation
• advantages and disadvantages of limited companies/ cooperatives.
Phrases which demonstrate some analysis could include:
Explanations of the advantages/disadvantages of each type of business organisation such as:
A limited company will provide limited liability meaning that personal possessions cannot be taken to pay any debts.
</td><td>15</td><td>The grade descriptions describe performance at the top of the band.</td></tr>
</table>

© UCLES 2022

Question	Answer	Marks	Guidance
6(b)	**Phrases which demonstrate good analysis will explain the impact upon the enterprise of the point and may include:** A limited company will provide limited liability meaning that Divock and his mother's personal possessions cannot be taken to pay any debts. This reduces the risk of investing and may encourage his mum to develop the enterprise. **Evaluation maybe shown by a two-sided approach considering the positives and negatives of each option.**		

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>7(a)</td><td>
People can be enterprising in everyday life. Including by:
• developing creative solutions to problems
• developing new skills
• taking the initiative
• using technology.

Analyse <u>two</u> ways in which you were, or could have been, enterprising in <u>your enterprise project</u>. You may consider the ways listed above in 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>
<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 points may include:
• examples of each of the bullet points such as examples of a skills used.
Phrases which demonstrate some analysis could include:
• explanation of the creative solution developed
• how the skill was used in the enterprise
• how technology was used within their enterprise.
Phrases which demonstrate good analysis will explain the impact upon the enterprise of the point and may include:
I developed the skill of baking during my enterprise project. My high quality cakes were very popular at the festival resulting in high sales revenue for my enterprise.
</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>7(b)</td><td>
When planning and conducting a negotiation, you would need to:
• set objectives
• choose evidence
• organise arguments and counter-arguments
• consider how you would present the information.

Evaluate which <u>two</u> of the above were most important in achieving success in a negotiation you were involved in as part 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>
<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>

Knowledge points may include:
• definition of negotiation
• measures of success for a negotiation.
Phrases which demonstrate some analysis could include:
• explanations of how the candidate used these aspects in their negotiation.
</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 explain the impact upon the negotiation of the point and may include:** • explanations of the impact of the identified point on their negotiation. **Evaluation maybe shown by a two-sided approach considering the positives and negatives of each option.**		