Cambridge Assessment International Education

Cambridge IGCSE™

ENTERPRISE **0454/12**

Paper 1 **October/November 2023**

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 2023 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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0454/4054 Enterprise – Paper 1 Annotations

Annotation	Description	Use
	Tick	Indicates a point which is relevant and rewardable.
	Cross	Indicates a point which is inaccurate/irrelevant and not rewardable.
	Tick +	Development of point.
BOD	Benefit of doubt	Used when the benefit of the doubt is given in order to reward a response.
NAQ	Not answered question	Used when the answer or parts of the answer are not answering the question asked.
TV	Too vague	Used when parts of the answer are considered to be too vague.
SEEN	Noted but no credit given	Indicates that content has been recognised but not rewarded.
REP	Repetition	Indicates where content has been repeated.
OFR	Own Figure Rule	Used when the method is correct, but candidates figures are incorrect.
L1	Level 1	Indicates a Level 1 point is made.
L2	Level 2	Indicates a Level 2 point is made.
L3	Level 3	Indicates a Level 3 point is made.
L4	Level 4	Indicates a Level 4 point is made.

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Question	Answer	Marks	Guidance
1(a)	**Define, using an example, the term *need.*** Definition [1] Example [1] Answers may include: (Good or service) essential to life [1] Food/water/air/shelter. [1]	**2**	AO1
1(b)	**Explain <u>two</u> reasons why needs or wants for a good 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/fashion • size of population • structure of population – age/gender/location • income/prices • taxation • legislation/laws/government policy • availability of subsidies/grants • technology • weather/seasons. Example: A fall in income [1] may reduce the purchase of luxury items such as restaurant meals. [+1]	**4**	AO1 – 4

Question	Answer	Marks	Guidance
1(c)(i)	**Explain <u>one</u> positive effect an enterprise can have on the local community. Use an example to support your answer.** Identification of an impact [1] Example showing understanding [+1] Answers may include: • supporting community activities/giving charitable donations [1] • reducing pollution [1] by collecting rubbish [+1] • provide employment [1]as a new business sets up [+1] • improving local skills [1] by increasing education [+1] • reducing anti-social behaviour [1] by giving local children leisure activities/sports. [+1]	**2**	AO1 – 1 AO2 – 1 Accept practical examples which show a depth of understanding [2] and clearing up pollution as a positive consequence of enterprise. The example used within the case study is valid for [+1].
1(c)(ii)	**Explain <u>one</u> negative effect an enterprise can have on the local community. Use an example to support your answer.** Identification of an impact [1] Example showing understanding [1] Answers may include: • creating pollution [1] by dumping their rubbish/air pollution [+1] • creating unemployment [1] replacing workers with machines. [+1]	**2**	AO1 – 1 AO2 – 1 Accept pollution as a negative consequence of enterprise action.

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Question	Answer	Marks	Guidance
2(a)	**Define the term *charity*.** Precise definition [2] Imprecise definition showing some understanding. [1] Answers may include: An organization set up to provide help and raise money for those in need [2] A social enterprise that raises money for those in need [2] The voluntary giving of help, typically in the form of money, to those in need [2] A not-for-profit organisation/type of social enterprise. [1]	**2**	AO1
2(b)	**Explain one suitable objective for the Children's Club Charity.** Identification of a suitable objective [1] Explanation of why suitable [+1] Answers might include: • survival [1] to keep providing their children's services [+1] • raise US$3 000 [1] to continue working [+1] • providing a sports/leisure facility service [1] at no cost [+1] • help as many children as possible [1] • to better society. [1]	**2**	AO2 Must be suitable for a children's club charity. Do not accept 'to make a surplus' as this is stated as their aim in the case study.

Question	Answer	Marks	Guidance
3(a)	**State <u>two</u> methods used to identify risks in an enterprise.** 1 mark per correct method. Answers may include: • PEST • SWOT • Research (accept primary or secondary or example).	**2**	AO1 Accept research only once.
3(b)	**State <u>one</u> example of an enterprise risk involved in each of the following:**		
3(b)(i)	**human resources** 1 mark per risk identified Human resource risk may include: • enough staff to work in the enterprise • staff lacking skills/training/not working efficiently • poor safety equipment/clothing • staff absence.	**1**	AO1 – 2
3(b)(ii)	**production** 1 mark per risk identified Production risks may include: • poor quality output/errors/wastage • failure of a vital machine halting production • have the wrong equipment • difficulties finding raw materials required.	**1**	AO1 – 2

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Question	Answer	Marks	Guidance
3(c)	**Explain how Taine's attitude to risk was different from Lucia's attitude to risk. Use an example from the case study to support each answer.** Mark each stakeholder as follows: Precise application of correct term for attitude [2] **OR** Imprecise application of attitude lacking correct term [1] Explanation using example from the case study material showing how they display the attitude to risk identified in each case [+1] Answers may include: **Taine** - risk reducer/avoider [2] **OR** risk-averse/takes less risk/optimiser [1] • was cautious • wanted to complete more research/asked a lawyer (his mum). **Lucia** - risk-keen [2] **OR** risk taker/takes more risk [1] • was willing to rush into any idea/setting up a crowdfunding page straightaway • thought the music concert was a good idea • was impressed by the crowdfunding idea.	**6**	AO1 – 2 AO2 – 2 AO3 – 2 Accept Taine is risk optimiser - as he wants to minimise negative risks.

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Question	Answer	Marks	Guidance
4(a)	**Define the term *record a surplus*.** Precise definition [2] Imprecise definition showing some understanding.[1] Answers may include: • the term used to show a charity has earnt more money than it spends [2] • another term for profit in a charity [2] • income greater than expenditure/more money in than out. [1]	**2**	AO1 – 2 Understanding the phrase surplus alone [1]
4(b)	**Explain the effect that <u>two</u> sources of finance, other than crowdfunding, had on <u>your enterprise project.</u>** Each point should be marked as follows: Identification of a source of finance [1] Explanation showing understanding of positive/negative **effect** of using that source of finance [+1] Effect on their own enterprise [1] Answers may include: • personal savings (capital) • family and friends • bank overdrafts, loans, leasing, and mortgages • community sources • grants and subsidies • selling shares. Example: Personal savings [1] allowed us to start up quickly [+1] as we each put in $20 from our savings. [1]	**6**	AO1 – 2 AO2 – 2 AO3 – 2 Do not credit answers that relate to crowdfunding.

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Question	Answer	Marks	Guidance
4(c)	**State <u>two</u> purposes of a website other than crowdfunding.** Each purpose [1] Answers may include: • advertise the products/services • provide information to potential customers • persuade people to buy • receive feedback/reviews/collecting market research • facilitate ecommerce.	**2**	AO1

Question	Answer	Marks	Guidance
5(a)	**Complete the following sentences using <u>one</u> word.**		
5(a)(i)	**Rent is an example of a … cost.** Fixed/indirect cost	**1**	AO1
5(a)(ii)	**Packaging is an example of a … cost.** Variable/direct cost.	**1**	AO1
5(b)	**Calculate, using Fig.1, the total fee paid to the crowdfunding website if the target amount of US$3 000 is donated. Show your working.** **US$180** [4] 18 000 [3] If incorrect total amount marks can be awarded for: • Total fee is set up charge **plus** administration charge [1] • Administration charge US$150 [2] **OR** • 5% of US$3 000 [1]	**4**	AO1 – 2 AO2 – 2 $ not required OFR applies.

Question	Answer	Marks	Guidance
5(c)	**Explain how the following documents supported, or could have supported, your presentation as part of <u>your enterprise project:</u>** Each document should be marked as follows: Explanation of how the document supports a presentation [1] Application to own enterprise project [+1] Answers may include: **Visual aid:** • allows complicated information to be presented clearly • showing the actual product • allows the audience to better understand the idea • engages audience with pictures/colour. **Handout:** • guides the audience on key point • can be used if a power point presentation fails • reduces the number of presentation slides • audience use this to note important points during the presentation • audience will retain these to consider after the presentation/reminder.	**4**	AO2 – 2 AO3 – 2

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>6(a)</td><td>
There are many different potential stakeholders in the Children's Club Charity, each with their own needs and wants. These include:
• children
• parents
• local government
• people donating money to the charity.
Analyse the importance of considering the needs and wants of any <u>two</u> of these stakeholders to the Children's Club Charity [10]
<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>
</td><td>10</td><td>
The grade descriptions describe performance at the top of the band.

Application marks maybe awarded for appropriate use of the following:

Parents require:
• a safe place for their children
• low/no price
• opening hours that fit their needs.
Children require:
• need a range of activities
• enjoyable activities
• safety.
local government:
• follow legislation/regulations
• provide evidence that operates as a charity/use of funds.
Donators:
• understand how their money is used.
</td></tr>
</table>

Question	Answer	Marks	Guidance
6(a)	**Knowledge may include:** • definition of the term stakeholder • Identification of any need or want. **Phrases which demonstrate some application/analysis may include:** • children want to have fun activities to attend • parents require low prices so they can afford it • meeting the needs of people donating will encourage them to donate more. **Phrases which demonstrate good analysis will the impact of this on the Children's Club Charity. These may include**: Parents require low prices so they can afford the service, therefore if price is too high CCC will lose customers which will affect their ability to stay open.	**10**	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>6(b)</td><td>Rita discovered some crowdfunding websites. One website contained crowdfunding requests from charities.
Evaluate whether the Children’s Club Charity should use a crowdfunding website to raise funds. You should consider both the advantages and disadvantages in your answer [15]
<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></td><td>15</td><td>The grade descriptions describe performance at the top of the band.

Application marks maybe awarded for appropriate use of the following:
• require US$3 000
• must pay a setup fee
• must pay a % of the money donated
• risk of not receiving any money if they do not raise sufficient funds by the deadline
• Use of figures from case study or calculations.</td></tr>
</table>

Question	Answer	Marks	Guidance
6(b)	**Knowledge may include:** • a definition of crowd funding • identification of other sources of finance • statements of general costs/benefits of crowdfunding. **Phrases which demonstrate some analysis may include:** • calculations from question 5(b) • figures quoted from the case study • not enough money will be raised within 120 days and the crowdfund site will retain all of the money donated. **Phrases which demonstrate good analysis will the impact and may include:** • this option will cost the CCC $180 reducing the amount of money they retain from any donations. **Evaluation maybe shown by a two-sided approach considering the benefit and negative aspects of crowdfunding.**		

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>7(a)</td><td>Enterprises can use a variety of different methods of market research to identify their potential customers.
Analyse the effectiveness of <u>two</u> methods of market research used in <u>your enterprise project</u>. Use examples to support your answer.
[10]

<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>
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</table>
</td><td></td><td>The grade descriptions describe performance at the top of the band.</td></tr>
</table>

Question	Answer	Marks	Guidance
7(a)	**Knowledge may include:** • identifies primary and secondary research • states methods of research • states ways to measure effectiveness. **Phrases which demonstrate some analysis may include:** • we asked a questionnaire of our target audience, children in our school, which gave us information on which flavour cupcake they wanted. • we gathered lots of information about our competitors' prices and flavours, so we could choose a realistic price. **Phrases which demonstrate good analysis will the impact of the market research on the enterprise. These may include:** We asked a questionnaire of our target audience, children in our school which gave us information on their needs. This led to use producing the products students wanted therefore selling all of our cupcakes.		

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>7(b)</td><td>
Evaluate which <u>one</u> of the following types of business organisation was the most suitable for <u>your enterprise project:</u>

co-operative
partnership
social enterprise
sole trader.

Justify your answer, stating why you rejected <u>one</u> other type of business organisation.
<table>
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<tr><td>4</td><td>Clear reasoned evaluation is present
Good analysis applied consistently to their enterprise
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</table>

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Question	Answer	Marks	Guidance
7(b)	**Knowledge may include:** • description of business organisations **Phrases which demonstrate some analysis may include:** • explaining the impact of unlimited liability • explanation of the general impact of the advantage/disadvantages • advantage/disadvantage applied to their enterprise. **Phrases which demonstrate good analysis will show why this is a point to consider and will include impacts for example:** By having a partner, we could each do different tasks, she dealt with the customers and I made the smoothies, *therefore we could serve more customers.* **Evaluation maybe shown by a two-sided approach considering the benefit and negative aspects of each choice.**		

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