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**ENTERPRISE**

**0454/01**

Paper 1 Case Study

**October/November 2016**

MARK SCHEME

Maximum Mark: 100

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**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.

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<b>Question</b>	<b>Answer</b>	<b>Mark</b>
1(a)	<p><b>State <u>two</u> skills needed to be enterprising.</b></p> <p>1 mark per skill identified</p> <p>Skills may include:</p> <ul style="list-style-type: none"> <li>• leadership</li> <li>• problem-solving</li> <li>• team-building</li> <li>• risk-taking</li> <li>• creative skills</li> <li>• communication / interpersonal skills</li> </ul>	[2] 2x1
1(b)	<p><b>Identify <u>two</u> ways that opportunities for enterprise might arise.</b></p> <p>1 mark per point identified</p> <p>Possible answers could include:</p> <ul style="list-style-type: none"> <li>• identifying the need for a product or service / gap in the market / solving a problem / identified demand</li> <li>• taking advantage of new technology</li> <li>• changing taste or fashion</li> <li>• population size or structure</li> <li>• changes in income</li> <li>• failure of competition</li> <li>• ability to meet the demand</li> </ul>	[2] 2x1

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<b>Question</b>	<b>Answer</b>	<b>Mark</b>
1(c)	<p><b>Explain how <u>one</u> entrepreneur that you have studied used their entrepreneurial skills to be successful. [4]</b></p> <p>Level 2 (3–4 marks) Candidate is able to show analysis of how the skills helped the entrepreneur to be successful. For 4 marks, reference must be made to two skills.</p> <p>Level 1 (1–2 marks) Candidate is able to give explanation of how the identified entrepreneur used the skills identified. For 2 marks, two skills must be explained.</p> <p>Example: Mr Dube was resourceful because he ensured that he had 3 suppliers [L1] so he did not run out of stock which would lose him his existing customers [L2].</p>	<b>4</b>

<b>Page 4</b>	<b>Mark Scheme</b>	<b>Syllabus</b>	<b>Paper</b>
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<b>Question</b>	<b>Answer</b>	<b>Mark</b>
2(a)	<p><b>Identify and explain <u>two</u> potential rewards that an entrepreneur could gain from running an enterprise.</b> [4]</p> <p>1 mark – per identified reward Plus 1 mark – per developed explanation to the entrepreneur</p> <p>Answers might include:</p> <ul style="list-style-type: none"> <li>• develop new skills</li> <li>• gain money/profit</li> <li>• to improve status in the community</li> <li>• sense of achievement</li> <li>• satisfying your customers</li> </ul> <p>Example: Profit [1] you can live well with the extra money [+1]</p>	<b>4</b>
2(b)	<p><b>Explain <u>two</u> challenges that you faced in <u>your enterprise project</u>.</b> [4]</p> <p>Each challenge should be marked in the following way: 1 mark – per identified challenge Plus 1 mark – what caused this challenge or why it was a problem for the project</p> <p>Challenges might include:</p> <ul style="list-style-type: none"> <li>• lack of finance</li> <li>• inadequate orders/sales</li> <li>• competition</li> <li>• not having the skills required for the enterprise</li> </ul> <p>Example: We did not have enough finance to buy more stock [1] therefore we could not satisfy all of our customers [+1].</p>	<b>2 2</b>

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<b>Question</b>	<b>Answer</b>	<b>Mark</b>
3(a)	<p><b>Explain the term ‘business plan’.</b> [2]</p> <p>Good description showing clear knowledge and understanding. [2]            Description showing some knowledge and understanding. [1]</p> <p>Answers might include:</p> <ul style="list-style-type: none"> <li>• outlines the aims/objectives of the enterprise (1)</li> <li>• provides information to support aims/content of plan (1)</li> <li>• shows how aims might be achieved (1)</li> </ul> <p>Example: A formal document that gives the aims of the enterprise [1] and outlines ways those aims will be achieved. [+1]</p>	<b>2</b>
3(b)	<p><b>Identify <u>two</u> business objectives that a new enterprise might have.</b> [2]</p> <p>1 mark per identified objective</p> <p>Accept any relevant objectives suitable for a new enterprise such as:</p> <ul style="list-style-type: none"> <li>• provide a service to the community/social objectives</li> <li>• be environmentally-friendly</li> <li>• establish a client base</li> <li>• survival</li> <li>• break-even</li> <li>• profit</li> </ul>	<b>2×1</b>
3(c)	<p><b>State <u>two</u> time periods in enterprise planning, other than short-term.</b> [2]</p> <p>Medium-term (1)            Long-term (1)</p>	<b>2×1</b>

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<b>Question</b>	<b>Answer</b>	<b>Mark</b>
3(d)	<p><b>Describe <u>two</u> reasons the business plan of an enterprise would need to be updated.</b></p> <p>Each reason should be marked as follows:</p> <p>1 mark – Identification of a reason Plus 1 mark – Developed explanation</p> <p>Reasons might include:</p> <ul style="list-style-type: none"> <li>• market / competition changes</li> <li>• population change</li> <li>• ownership change</li> <li>• costs of the business changing</li> <li>• growth</li> <li>• original objectives are achieved</li> <li>• new finance is required</li> <li>• development of a new product</li> </ul> <p>Example: Our finance was insufficient [1] so we needed to ask for a <b>new</b> loan [+1]. An ageing population [1] meant we needed to complete further research [+1].</p>	[4] 2×2

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<b>Question</b>	<b>Answer</b>	<b>Mark</b>
4(a)	<p><b>What is meant by:</b></p> <p><b>(i) revenue</b> [1]</p> <p>Money received [1]  Money from sales / customers [1]  Price of goods × quantity sold [1]</p> <p><b>(ii) expenditure</b> [1]</p> <p>Spending in the company [1]  buying assets [1]  all outgoing for a period of time [1]  the amount subtracted from gross profit to get net profit [1]</p> <p><b>(iii) overheads</b> [1]</p> <p>Costs which relate to the general running of the enterprise [1]  Not related to output directly / fixed / indirect costs [1]</p> <p><b>(iv) debt?</b> [1]</p> <p>Borrowed or owed money [1]  Spending more than the enterprise earns [1]  Money that must be repaid [1]</p>	<b>4×1</b>

Question	Answer	Mark														
4(b)	<p>Use the information in the case study to calculate the following amounts. Show your working where appropriate.</p> <p>Profit and Loss account for Week 1</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>US\$</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td><b>A</b> = <math>100 \times 1.50 = 150.00</math></td> </tr> <tr> <td>Cost of boxes</td> <td>30.00</td> </tr> <tr> <td>Cost of food</td> <td>100.00</td> </tr> <tr> <td><b>Gross Profit</b></td> <td><b>B</b> = 20.00</td> </tr> <tr> <td>less expenditure on marketing</td> <td><b>C</b> = 5.00</td> </tr> <tr> <td><b>Net Profit</b></td> <td><b>D</b> = 15.00</td> </tr> </tbody> </table>		US\$	Revenue	<b>A</b> = $100 \times 1.50 = 150.00$	Cost of boxes	30.00	Cost of food	100.00	<b>Gross Profit</b>	<b>B</b> = 20.00	less expenditure on marketing	<b>C</b> = 5.00	<b>Net Profit</b>	<b>D</b> = 15.00	
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4(b)(i)	<p>3 marks for correct calculation of Amount <b>A</b> (Revenue):</p> <p>Sales = 100 [1]  Selling price = \$1.50 [1]  Revenue = \$150 [1]  (OFR applies)  <b>Or</b> 3 marks for the correct answer alone \$150</p>	<b>[3]</b>														
4(b)(ii)	1 mark for correct calculation of Amount <b>B</b> (Gross Profit) $\$150 - \$30 - \$100 = \$20$ (OFR applies)	<b>[1]</b>														
4(b)(iii)	1 mark for correct Amount <b>C</b> (Expenditure) \$5	<b>[1]</b>														
4(b)(iv)	1 mark for correct calculation of Amount <b>D</b> (Net Profit) $\$20 - \$5 = \$15$ (OFR applies)	<b>[1]</b>														

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<b>Question</b>	<b>Answer</b>	<b>Mark</b>
4(c)	<p><b>Explain whether making a profit was important for Sadie and Megan’s enterprise idea.</b> [4]</p> <p>1 mark – one aim/objective in the context of this enterprise  2–4 marks – developed reasoning of the importance /or not of profit for this enterprise.</p> <p>Candidates might conclude that:</p> <ul style="list-style-type: none"> <li>• profit is vital for the future running of this enterprise – with reasons</li> <li>• the level of profit is so small that it is not important</li> <li>• the enterprise might be subsidised by the canteen/school</li> <li>• profit will give a sense of achievement to the entrepreneurs</li> </ul> <p>Example:  The aim of this enterprise was to improve the amount of time people had to queue [1] a social objective [+1] This was more important than profit [+1]. Sadie and Megan were not concerned about profit [+1].</p> <p>Profit is important because they need to make money to buy more food boxes for the following week [2].</p>	<b>4</b>

<b>Question</b>	<b>Answer</b>	<b>Mark</b>
5(a)	<p><b>Explain the term ‘informal communication’.</b> [2]</p> <p>2 marks – accurate explanation.  1 mark – incomplete explanation.</p> <p>Unofficial messages outside of formal channels [2].  Is not authorised by the business e.g. the grapevine [2].  Communication which does not use formal language/structure [2].  Not using proper language [1] the way a friend talks to a friend/casual communication [1].</p>	<b>2</b>

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<b>Question</b>	<b>Answer</b>	<b>Mark</b>
5(b)	<p><b>Name and explain <u>two</u> documents used in the organisation of a meeting.</b> [4]</p> <p>1 mark – per named document 1 mark – explanation of purpose of document</p> <p>Candidates may refer to:</p> <ul style="list-style-type: none"> <li>• notice of meeting</li> <li>• agenda</li> <li>• minutes</li> </ul> <p>Example: Agenda [1] lists the items to be discussed during the meeting. [+1]</p>	<b>2×2</b>
5(c)(i)	<p><b>Describe the purpose of <u>one</u> meeting held in <u>your enterprise project</u>.</b> [2]</p> <p>1 mark – identified purpose plus 1 – description of purpose</p> <p>Example: We negotiated to get a grant [1] to pay for the training of workers [+1]</p>	<b>2</b>
5(c)(ii)	<p><b>Analyse the effectiveness of <u>this</u> meeting in reaching its purpose.</b> [2]</p> <p>1 mark – judgement on effectiveness of meeting plus 1 – developed explanation of why it was effective, the actions taken to ensure effectiveness.</p> <p>Example: We gained the money [1] because the presentation was convincing [+1].</p> <p>The meeting was successful because I gained the funding [1].</p>	<b>2</b>

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<b>Question</b>	<b>Answer</b>	<b>Mark</b>
6(a)	<p><b>Discuss why it is important to identify the risks involved in Sadie and Megan’s enterprise idea. Justify your answer.</b></p> <p style="text-align: right;"><b>[10]</b></p> <p>Level 4 (9–10 marks) Candidate is able to offer a discussion of how the risks would impact upon the success, or not, of the enterprise. For 10 marks, two or more risks must be discussed.</p> <p>Level 3 (6–8 marks) Candidate is able to offer an explanation of how the risks would affect the enterprise or how the risk could be avoided. For 7 or 8 marks, more than one risk must be explained.</p> <p>Level 2 (3–5 marks) Candidate is able to apply knowledge and understanding of the risks facing this enterprise. This may be a series of examples. For 5 marks, more than one risk must be identified.</p> <p>Level 1 (1–2 marks) Candidate is able to demonstrate some knowledge and understanding of risks.</p> <p>Level 0 (0 mark) Candidate is unable to demonstrate any knowledge or understanding of risks.</p>	<b>10</b>

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Question	Answer	Mark
6(b)	<p><b>Evaluate the effectiveness of <u>two</u> marketing methods which Sadie and Megan could use to promote their enterprise idea.</b></p> <p>Answers will depend upon the methods used.</p> <p>Level 4 (10–15 marks) Candidate is able to offer a thorough evaluation of the advantages and disadvantages of a method that could be utilised in this enterprise. For 13 plus marks, justification of decision needs to be explicit and logical and consider at least two methods of communication.</p> <p>Level 3 (6–9 marks) Candidate is able to offer an analysis (explanation) of the potential success of the marketing methods suggested for this enterprise. Answers at this level may be one-sided showing only advantages or disadvantages or consider only one method of marketing in detail.</p> <p>Level 2 (3–5 marks) Candidate is able to apply knowledge and understanding of the marketing methods that could be suitable within a school environment. To gain 5 marks, the two methods of marketing must be markedly different.</p> <p>Level 1 (1–2 marks) Candidate is able to demonstrate some knowledge and understanding of methods of marketing. There is no suitable application to the enterprise.</p> <p>Level 0 (0 mark) Candidate is unable to demonstrate any knowledge or understanding of marketing methods.</p>	<p>[15]</p> <p>15</p>

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7(a)	<p><b>Discuss the effectiveness of your planning when you were preparing to negotiate, as part of <u>your enterprise project</u>.</b> [10]</p> <p>Level 4 (9–10 marks) Candidate is able to offer a discussion of how the planning assisted the negotiation. For 10 marks, two aspects of planning must be considered.</p> <p>Level 3 (6–10 marks) Candidate is able to offer an explanation showing how the planning undertaken assisted or did not assist the negotiation process. To gain 7 plus marks, two or more examples of planning must be explained.</p> <p>Level 2 (3–5 marks) Candidate is able to apply knowledge and understanding of the planning involved in their own negotiation. To gain 4 plus marks, at least two examples of planning should be applied.</p> <p>Level 1 (1–2 marks) Candidate is able to demonstrate some knowledge and understanding of how planning could/could not assist an enterprise negotiation.</p> <p>Level 0 (0 mark) Candidate is unable to demonstrate any knowledge or understanding of planning.</p>	10

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Question	Answer	Mark
7(b)	<p><b>Evaluate the <u>most</u> appropriate type of business organisation for <u>your enterprise project</u>. Justify your recommendation.</b></p> <p>Level 4 (10–15 marks) Candidate is able to offer a thorough evaluation of the advantages and disadvantages of at least two types of business organisation that could be suitable in their enterprise. For 13 plus marks, justification of decision needs to be explicit and logical.</p> <p>Level 3 (6–9 marks) Candidate is able to offer an analysis (explanation) of the appropriateness of the types of business organisation suggested. Answers at this level may be one-sided showing only advantages or disadvantages or consider only one type of business organisation in detail.</p> <p>Level 2 (3–5 marks) Candidate is able to apply knowledge and understanding of types of business organisation with some attempt to apply to their enterprise project.</p> <p>Level 1 (1–2 marks) Candidate is able to demonstrate some knowledge and understanding of types of business organisation.</p> <p>Level 0 (0 mark) Candidate is unable to demonstrate any knowledge or understanding of types of business organisation.</p>	<p>[15]</p> <p>15</p>