



# Cambridge O Level

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**ENTERPRISE**

**4054/01**

Paper 1

**For examination from 2020**

MARK SCHEME

Maximum Mark: 100

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**Specimen**

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This document has **12** pages. Blank pages are indicated.

**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.

**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.

Question	Answer	Marks
1(a)	<p><b>Describe the term ‘enterprise’.</b></p> <p>Award 2 marks for a good explanation showing clear knowledge and understanding. Award 1 mark for a less precise explanation showing some knowledge and understanding.</p> <p>Relevant points might include:</p> <ul style="list-style-type: none"> <li>• making decisions</li> <li>• showing initiative</li> <li>• taking calculated risks</li> <li>• another name for a business.</li> </ul> <p>Example: A business run by an entrepreneur who takes risks (1) and makes decisions (1).</p>	<b>2</b>
1(b)	<p><b>Explain <u>two</u> of the six stages in the enterprise process. Use examples from <u>your enterprise project</u> to support your answer.</b></p> <p>Award marks for each stage as follows: 1 mark for identification of a stage in the process. + 1 mark for explanation of the stage in the process. 1 mark for specific example from their own enterprise experience.</p> <p>Maximum 3 marks × 2 stages.</p> <p>Answers reference two of the following six stages:</p> <ul style="list-style-type: none"> <li>• identifying the problem or need/want</li> <li>• exploring creative solutions</li> <li>• action planning</li> <li>• implementing the plan</li> <li>• monitoring progress</li> <li>• evaluation of success or failure.</li> </ul> <p>Example: One stage is to identify a need or want (1), which can be done by carrying out market research, e.g. a questionnaire (+1). Our questionnaire showed that people wanted a milkshake bar (1).</p>	<b>6</b>

Question	Answer	Marks
2(a)	<p><b>Identify what each of the letters in PEST stands for.</b></p> <p>Award 3 marks for all 4 letters correctly identified. Award 2 marks for 3 letters correctly identified. Award 1 mark for 1 or 2 letters correctly identified.</p> <p>PEST analysis:</p> <ul style="list-style-type: none"> <li>• political</li> <li>• economic</li> <li>• social</li> <li>• technological.</li> </ul>	<b>3</b>

Question	Answer	Marks
2(b)	<p><b>Explain how you managed <u>two</u> risks during <u>your enterprise project</u>, and include the outcome of your actions.</b></p> <p>Award marks for each risk as follows:            1 mark for identification of a risk in their enterprise project.            +1 mark for identification of action taken to manage the risk identified.            +1 mark for explanation showing how the action reduced the risk identified.</p> <p>Maximum 3 marks × 2 risks.</p> <p>Answers will depend upon the candidate's own enterprise experience but risks might include:</p> <ul style="list-style-type: none"> <li>• stock being ruined</li> <li>• cashflow deficit</li> <li>• failure of customers to pay.</li> </ul> <p>Example: There was a risk that our ice cream would melt in the heat (1) so we asked to use the school freezer (+1) so the ice cream was always frozen (+1).</p> <p>Note: Answers must be specifically about the candidate's enterprise project – general answers that could apply to any enterprise cannot be credited.</p>	<b>6</b>

Question	Answer	Marks
3(a)	<p><b>Define the term 'negotiation'.</b></p> <p>Award 2 marks for a precise definition showing clear knowledge and understanding.            Award 1 mark for a definition showing some knowledge and understanding.</p> <p>Examples:</p> <ul style="list-style-type: none"> <li>• a discussion between two or more parties (1) to reach a mutual agreement (1)</li> <li>• reaching outcomes to satisfy the interests of those involved (2)</li> <li>• the process of resolving disputes to the satisfaction of both parties (2).</li> </ul>	<b>2</b>
3(b)	<p><b>Identify <u>three</u> points that should be considered when planning a negotiation.</b></p> <p>Award 1 mark per point identified. Maximum 3 marks.</p> <p>Relevant points might include:</p> <ul style="list-style-type: none"> <li>• the objectives of the negotiation</li> <li>• evidence to be used during the negotiation</li> <li>• benefits and weaknesses of the proposal</li> <li>• arguments and counter-arguments.</li> </ul>	<b>3</b>

Question	Answer	Marks
3(c)	<p><b>Explain why the language in a negotiation should be different from language used with friends. Use an example from <u>either</u> The Fruit Drinks Enterprise <u>or</u> your enterprise project to support your answer.</b></p> <p>Award up to 2 marks for knowledge of differences in language. Award up to 2 further marks for an explanation of why the differences are necessary. Award up to 2 further marks for reference to specific examples/in context.</p> <p>Relevant points might include:</p> <ul style="list-style-type: none"> <li>• formal/informal</li> <li>• slang/text speak</li> <li>• regional language difference</li> <li>• tactful/respectful.</li> </ul> <p>Example: Formal words are used for negotiation (1) and informal with friends (1). When negotiating with her family (1) for the fruit supplies (1), Aiyana would want to seem professional (1) because she would then be seen as serious and trustworthy (1).</p> <p>Note: Examples may be from either the candidate's own experience or the case study.</p>	<b>6</b>

Question	Answer	Marks
4(a)(i)	<p><b>Define the financial term 'contribution'.</b></p> <p>Award 2 marks for a precise definition/formula showing clear knowledge and understanding. Award 1 mark for a definition showing some knowledge and understanding.</p> <p>Example 2-mark answers:</p> <ul style="list-style-type: none"> <li>• amount of income going towards profit (1) after covering fixed costs (1)</li> <li>• price minus variable costs (2).</li> </ul> <p>Example 1-mark answers:</p> <ul style="list-style-type: none"> <li>• amount of earnings remaining after all direct costs have been subtracted from revenue (1)</li> <li>• used to help pay fixed costs (1).</li> </ul>	<b>2</b>
4(a)(ii)	<p><b>Define the financial term 'break-even'.</b></p> <p>Award 2 marks for a precise definition/formula showing clear knowledge and understanding. Award 1 mark for a definition showing some knowledge and understanding.</p> <p>Example 2-mark answer:</p> <ul style="list-style-type: none"> <li>• break-even is the point at which total cost and income are equal (2).</li> </ul> <p>Example 1-mark answer:</p> <ul style="list-style-type: none"> <li>• no profit or loss is made (1).</li> </ul>	<b>2</b>

Question	Answer	Marks
4(a)(iii)	<p><b>Define the financial term ‘deficit’.</b></p> <p>Award 2 marks for a precise definition/formula showing clear knowledge and understanding. Award 1 mark for a definition showing some knowledge and understanding.</p> <p>Example 2-mark answer:</p> <ul style="list-style-type: none"> <li>• expenditure that exceeds income. (2)</li> </ul> <p>Example 1-mark answer:</p> <ul style="list-style-type: none"> <li>• Being in debt. (1)</li> </ul>	<b>2</b>
4(b)	<p><b>Explain <u>two</u> possible effects on <u>The Fruit Drinks Enterprise</u> of not keeping accurate financial records.</b></p> <p>Award up to 2 marks for identification of effects of inaccurate financial records. Award up to a further 2 marks for developed explanations showing how the identified points impact on an enterprise. Award up to a further 2 marks for use of case study to show particular issues for this enterprise.</p> <p>Relevant points might include:</p> <ul style="list-style-type: none"> <li>• creditors will not be able to make correct decisions</li> <li>• overspending/incorrect calculation of funds available</li> <li>• records might be required</li> <li>• tax payable might be incorrectly estimated</li> <li>• calculations of shareholders’ dividends will be inaccurate</li> <li>• accusations of fraud.</li> </ul> <p>Example: The enterprise will not know how much money they have available (1) and they may spend more than they can afford (1). This could mean that they cannot afford to pay Aiyana’s family on time (1). Costs might be underestimated (1) so an incorrect price is set for the fruit drinks (1) and the enterprise makes a loss in the future (1).</p>	<b>6</b>

Question	Answer	Marks
5(a)	<p><b>Explain <u>two</u> ways that marketing communications benefited <u>your</u> <u>enterprise project</u> and/or its customers.</b></p> <p>Award 1 mark for identification of a benefit to an enterprise or its customers. Award a further 1 mark for a developed explanation in the context of their own enterprise. This may be an example in context.</p> <p>Relevant points of a benefit to an enterprise might include:</p> <ul style="list-style-type: none"> <li>• increased number of customers/greater sales/increased profit</li> <li>• improved company image</li> <li>• increased brand loyalty.</li> </ul> <p>Example: We gained a lot more sales (1) for our ice cream because students at the school knew to bring money on the day of the enterprise event (1).</p> <p>Relevant points of a benefit to customer might include:</p> <ul style="list-style-type: none"> <li>• greater knowledge of products/services available</li> <li>• make more informed decisions between products/services</li> <li>• save time searching for information.</li> </ul> <p>Example: Customers are made aware of goods available (1) and therefore make better choices (1).</p>	<b>4</b>

Question	Answer	Marks
5(b)	<p><b>Explain <u>one</u> advantage and <u>one</u> disadvantage for <u>The Fruit Drinks Enterprise</u> of advertising using social media.</b></p> <p>Award marks for each advantage/disadvantage as follows: Award 1 mark for identification of an advantage/disadvantage. Award 1 further mark for an explanation of why this is an advantage/disadvantage for an enterprise. Award 1 further mark for specific application to the case study.</p> <p>Maximum 3 marks × 1 advantage. Maximum 3 marks × 1 disadvantage.</p> <p>Relevant points might include:</p> <p>Advantages:</p> <ul style="list-style-type: none"> <li>• wider access to potential customers</li> <li>• easily updated</li> <li>• low cost of maintenance/design</li> <li>• internet/social media is widely used.</li> </ul> <p>Disadvantages:</p> <ul style="list-style-type: none"> <li>• lack of control</li> <li>• lack of access to internet during school day</li> <li>• high cost of design.</li> </ul> <p>Application to the case study:</p> <ul style="list-style-type: none"> <li>• customers are school-aged</li> <li>• small fruit drinks enterprise</li> <li>• local market for drinks</li> <li>• comparison with farm advertising</li> <li>• friends don't have a lot of money.</li> </ul> <p>Example: Customers from all over the world can see the advert so sales might rise (2) but Aiyana's enterprise only sells in school (1). The high cost of setting up the website may not result in more revenue because many people will not be able to buy (2) from this small, local fruit drinks enterprise (1).</p>	<b>6</b>



Question	Answer	Marks															
6(a)	<p data-bbox="308 232 1214 300"><b>Discuss the advantages and disadvantages to <u>Aiyana's family</u> of offering trade credit to the new enterprise.</b></p> <table border="1" data-bbox="308 338 1326 837"> <thead> <tr> <th data-bbox="308 338 416 389">Level</th> <th data-bbox="416 338 1230 389">Description</th> <th data-bbox="1230 338 1326 389">Mark</th> </tr> </thead> <tbody> <tr> <td data-bbox="308 389 416 510">3</td> <td data-bbox="416 389 1230 510">           Good analysis applied consistently to the case study             Demonstrates good knowledge of concepts         </td> <td data-bbox="1230 389 1326 510">8–10</td> </tr> <tr> <td data-bbox="308 510 416 667">2</td> <td data-bbox="416 510 1230 667">           Some analysis supported by good application to the case study             Demonstrates knowledge of concepts         </td> <td data-bbox="1230 510 1326 667">4–7</td> </tr> <tr> <td data-bbox="308 667 416 788">1</td> <td data-bbox="416 667 1230 788">           Limited application to the case study             Demonstrates knowledge of concepts         </td> <td data-bbox="1230 667 1326 788">1–3</td> </tr> <tr> <td data-bbox="308 788 416 837">0</td> <td data-bbox="416 788 1230 837">No creditable response</td> <td data-bbox="1230 788 1326 837">0</td> </tr> </tbody> </table> <p data-bbox="308 875 639 904">Advantages may include:</p> <ul data-bbox="308 909 1257 1043" style="list-style-type: none"> <li>• guaranteed market for their fruit</li> <li>• keeping their daughter happy</li> <li>• extra source of revenue</li> <li>• knowing that the income will come in at the end of an agreed period.</li> </ul> <p data-bbox="308 1081 676 1111">Disadvantages may include:</p> <ul data-bbox="308 1115 943 1249" style="list-style-type: none"> <li>• lack of supply for other customers</li> <li>• high risk of non-payment</li> <li>• reduced income for the agreed credit period</li> <li>• cash flow issues.</li> </ul> <p data-bbox="308 1288 1281 1355">Note: Examiner guidance for level 2 – maximum 6 marks for good analysis with limited application.</p> <p data-bbox="308 1393 1198 1422">The grade descriptions describe performance at the top of the band.</p>	Level	Description	Mark	3	Good analysis applied consistently to the case study  Demonstrates good knowledge of concepts	8–10	2	Some analysis supported by good application to the case study  Demonstrates knowledge of concepts	4–7	1	Limited application to the case study  Demonstrates knowledge of concepts	1–3	0	No creditable response	0	<b>10</b>
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6(b)	<p><b>Evaluate the importance of the enterprise skills shown by the three friends to the success of <u>The Fruit Drinks Enterprise</u>.</b></p> <p><b>You should consider a maximum of three skills in your answer.</b></p> <table border="1" data-bbox="308 409 1326 1133"> <thead> <tr> <th data-bbox="308 409 411 461">Level</th> <th data-bbox="411 409 1209 461">Description</th> <th data-bbox="1209 409 1326 461">Mark</th> </tr> </thead> <tbody> <tr> <td data-bbox="308 461 411 651">4</td> <td data-bbox="411 461 1209 651">           Clear reasoned evaluation is present             Good analysis applied consistently to the case study             Demonstrates good knowledge of relevant concepts         </td> <td data-bbox="1209 461 1326 651">12–15</td> </tr> <tr> <td data-bbox="308 651 411 808">3</td> <td data-bbox="411 651 1209 808">           Good analysis applied consistently to the case study is leading to evaluation             Demonstrates knowledge of relevant concepts         </td> <td data-bbox="1209 651 1326 808">8–11</td> </tr> <tr> <td data-bbox="308 808 411 965">2</td> <td data-bbox="411 808 1209 965">           Some application to the case study supported by some analysis             Demonstrates knowledge of relevant concepts         </td> <td data-bbox="1209 808 1326 965">4–7</td> </tr> <tr> <td data-bbox="308 965 411 1088">1</td> <td data-bbox="411 965 1209 1088">           Limited application to the case study             Demonstrates some knowledge of relevant concepts         </td> <td data-bbox="1209 965 1326 1088">1–3</td> </tr> <tr> <td data-bbox="308 1088 411 1133">0</td> <td data-bbox="411 1088 1209 1133">No creditable response</td> <td data-bbox="1209 1088 1326 1133">0</td> </tr> </tbody> </table> <p data-bbox="308 1167 1281 1234">Note: Examiner guidance for level 2 – maximum 6 marks for good analysis with limited application.</p> <p data-bbox="308 1267 1313 1335">Note: Examiner guidance for level 3 – use judgement when awarding AO3 as both analysis and evaluation are covered by this AO.</p> <p data-bbox="308 1368 1198 1408">The grade descriptions describe performance at the top of the band.</p>	Level	Description	Mark	4	Clear reasoned evaluation is present  Good analysis applied consistently to the case study  Demonstrates good knowledge of relevant concepts	12–15	3	Good analysis applied consistently to the case study is leading to evaluation  Demonstrates knowledge of relevant concepts	8–11	2	Some application to the case study supported by some analysis  Demonstrates knowledge of relevant concepts	4–7	1	Limited application to the case study  Demonstrates some knowledge of relevant concepts	1–3	0	No creditable response	0	<b>15</b>
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7(a)	<p data-bbox="304 235 1329 304"><b>Discuss the successes and failures of <u>your enterprise project</u> in meeting the needs and wants of your customers.</b></p> <table border="1" data-bbox="304 338 1329 875"> <thead> <tr> <th data-bbox="312 347 411 394">Level</th> <th data-bbox="411 347 1230 394">Description</th> <th data-bbox="1230 347 1321 394">Mark</th> </tr> </thead> <tbody> <tr> <td data-bbox="312 394 411 546">3</td> <td data-bbox="411 394 1230 546">           Good analysis applied consistently to their own enterprise project             Demonstrates good knowledge of concepts         </td> <td data-bbox="1230 394 1321 546">8–10</td> </tr> <tr> <td data-bbox="312 546 411 698">2</td> <td data-bbox="411 546 1230 698">           Some analysis supported by good application to their own enterprise project             Demonstrates knowledge of concepts         </td> <td data-bbox="1230 546 1321 698">4–7</td> </tr> <tr> <td data-bbox="312 698 411 819">1</td> <td data-bbox="411 698 1230 819">           Limited application to their own enterprise project             Demonstrates knowledge of concepts         </td> <td data-bbox="1230 698 1321 819">1–3</td> </tr> <tr> <td data-bbox="312 819 411 875">0</td> <td data-bbox="411 819 1230 875">No credible response</td> <td data-bbox="1230 819 1321 875">0</td> </tr> </tbody> </table> <p data-bbox="304 909 1283 978">Note: Examiner guidance for level 2 – maximum 6 marks for good analysis with limited application.</p> <p data-bbox="304 1012 1198 1046">The grade descriptions describe performance at the top of the band.</p>	Level	Description	Mark	3	Good analysis applied consistently to their own enterprise project  Demonstrates good knowledge of concepts	8–10	2	Some analysis supported by good application to their own enterprise project  Demonstrates knowledge of concepts	4–7	1	Limited application to their own enterprise project  Demonstrates knowledge of concepts	1–3	0	No credible response	0	<b>10</b>
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7(b)	<p data-bbox="304 232 1299 338"><b>Evaluate the effectiveness of the different methods of market research that were or could have been used to ensure the success of <u>your</u> enterprise project.</b></p> <table border="1" data-bbox="304 376 1326 1133"> <thead> <tr> <th data-bbox="312 383 411 421">Level</th> <th data-bbox="411 383 1211 421">Description</th> <th data-bbox="1211 383 1318 421">Mark</th> </tr> </thead> <tbody> <tr> <td data-bbox="312 432 411 647">4</td> <td data-bbox="411 432 1211 647">           Clear reasoned evaluation is present             Good analysis applied consistently to their enterprise project             Demonstrates good knowledge of relevant concepts         </td> <td data-bbox="1211 432 1318 647">12–15</td> </tr> <tr> <td data-bbox="312 656 411 804">3</td> <td data-bbox="411 656 1211 804">           Good analysis applied consistently to their enterprise project is leading to evaluation             Demonstrates knowledge of relevant concepts         </td> <td data-bbox="1211 656 1318 804">8–11</td> </tr> <tr> <td data-bbox="312 813 411 960">2</td> <td data-bbox="411 813 1211 960">           Some application to their enterprise project supported by some analysis             Demonstrates knowledge of relevant concepts         </td> <td data-bbox="1211 813 1318 960">4–7</td> </tr> <tr> <td data-bbox="312 969 411 1081">1</td> <td data-bbox="411 969 1211 1081">           Limited application to their enterprise project             Demonstrates some knowledge of relevant concepts         </td> <td data-bbox="1211 969 1318 1081">1–3</td> </tr> <tr> <td data-bbox="312 1090 411 1128">0</td> <td data-bbox="411 1090 1211 1128">No creditable response</td> <td data-bbox="1211 1090 1318 1128">0</td> </tr> </tbody> </table> <p data-bbox="304 1167 1283 1234">Note: Examiner guidance for level 2 – maximum 6 marks for good analysis with limited application.</p> <p data-bbox="304 1267 1315 1335">Note: Examiner guidance for level 3 – use judgement when awarding AO3 as both analysis and evaluation are covered by this AO.</p> <p data-bbox="304 1368 1198 1406">The grade descriptions describe performance at the top of the band.</p>	Level	Description	Mark	4	Clear reasoned evaluation is present  Good analysis applied consistently to their enterprise project  Demonstrates good knowledge of relevant concepts	12–15	3	Good analysis applied consistently to their enterprise project is leading to evaluation  Demonstrates knowledge of relevant concepts	8–11	2	Some application to their enterprise project supported by some analysis  Demonstrates knowledge of relevant concepts	4–7	1	Limited application to their enterprise project  Demonstrates some knowledge of relevant concepts	1–3	0	No creditable response	0	15
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