

# UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS International General Certificate of Secondary Education

CANDIDATE NAME			
CENTRE NUMBER		CANDIDATE NUMBER	

945379909

ENTERPRISE 0454/01

Paper 1 May/June 2011

Candidates answer on the Question Paper.

No Additional Materials are required.

#### **READ THESE INSTRUCTIONS FIRST**

Write your Centre number, candidate number and name on all the work you hand in. Write in dark blue or black pen.

Do not use staples, paper clips, highlighters, glue or correction fluid.

DO NOT WRITE IN ANY BARCODES.

Answer all questions.

Each candidate should have received a copy of the case study prior to the examination.

A clean copy of the case study has been provided with this question paper.

The businesses described in this Question Paper are entirely fictitious.

Your answers must be based on the case study and your own enterprise experience and knowledge. Candidates who do not follow this instruction will be penalised.

At the end of the examination, fasten all your work securely together.

The number of marks is given in brackets [ ] at the end of each question or part question.

This document consists of 12 printed pages and 1 Insert.



1 hour 30 minutes

#### **Section A**

### Answer all the questions.

For Examiner's Use

(a)	Vija	y remembered that at school Mabel had been very enterprising.
	(i)	What is meant by the term <i>enterprising</i> ?
		[1]
	(ii)	Explain <b>one</b> way that <b>you</b> were enterprising when taking part in <b>your enterprise project</b> .
		[2]
(b)	Mal	pel asked for advice from her father before starting her enterprise.
	in w	n reference to <b>one</b> organisation or individual that you have studied, discuss the ways which they could assist Mabel to solve the problems of starting up 'Mabel's Lunches'.
	Nar	ne of organisation or individual
		[5]
		[Total: 8]

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2		ny enterprises are concerned about the possible legal issues involved in running an erprise.
	(a)	Explain <b>one</b> way in which production in an enterprise might be affected by laws.
	(b)	Use PESTEL analysis to discuss <b>two</b> risks that could affect <b>your enterprise project</b> .
	(D)	
		[6]
		[6] [Total: 8]

	_	as a sole trader under the name 'Mabel's Lunches', Mabel plans to set up a sandwich service.
(a)	Wha	at is meant by the term <i>sole trader</i> ?
		[2]
(b)		potiation skills are very important for Mabel, such as when arranging credit with local pliers.
	(i)	What is meant by <i>negotiation</i> ?
		[2]
	(ii)	Identify and explain <b>two</b> factors which any entrepreneur would need to consider before negotiating with a supplier.
		1
		2
		[4]

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	uccessful entrepreneur.	Exa
1		
••••		
2		
••••		
••••	[6]	
	[Total: 14]	
<b>(a)</b> Ex	plain the meaning of the following terms:	
	plain the meaning of the following terms:	
(a) Ex		
(i)		
(i)	variable cost	
(i)	variable cost	
(i)	variable cost	
(i) (ii)	variable cost  overheads	
(i) (ii)	variable cost	
(i) (ii)	variable cost  overheads	
(i) (ii)	variable cost  overheads	

(b)	Mabel created the fo	llowing bud	dget for the first month of her enterprise.
	Budget item	Cost US\$	
	Van	2000	
	Packaging	35	
	Food items	150	
	Total	2185	
	Identify <b>two</b> more ite	ms which	might be included in a budget.
	1		
	2		[2]
(c)	Explain <b>one</b> problem	n which cou	ald be avoided by preparing a budget for an enterprise.
			[4]
			[Total: 9]

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Mai	ny enterprises have a cash flow de	ficit during the	start up period		
(a)	Explain why cash flow is importar	nt to an enterp	rise.		
					[3]
(b)	Complete the cash flow budget				
(5)	figures in brackets are negative.	below by ear	diating the ann	ounts for A	ana <b>5</b> . me
	Mabel's Lunches Cash Flow Bu	ıdget			
		January	February	March	April
	Cash inflow (receipts)	US\$	US\$	US\$	US\$
	Cash sales		300	450	450
	Total cash inflow (receipts)		300	450	450
	Cash outflow (payments)				<u></u>
	Vehicle (van)	2000			
	Fuel	100	100	100	100
	Food	150	150	150	150
	Packaging	35	35	35	35
	Insurance	500			
	Total cash outflow (payments)	2785	285	285	285
	Net Cash flow	(2785)	15	Α	165
	Opening bank balance	2700	(85)	_(70)	_95
	Closing bank balance	(85)	<u>(70)</u>	95	<u>B</u>
	Amount A				
	Amount A				
	Amount B				
					[2]

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[Total: 11]

With reference to <b>your enterprise project</b> , explain the methods you used to try to avoid a cash flow deficit.
[6]

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(c)

#### **Section B**

For Examiner's Use

#### Answer all the questions.

Use the case study, your own enterprise experience and your knowledge of business to answer question 6(a).

6	(a)	Evaluate how the setting of business objectives would affect how <b>your enterprise project</b> operated.
		[10]

Use the case study, your own enterprise experience and your knowledge of business to answer question 6(b).

For Examiner's Use

6	(b)	Discuss how business planning would enable Mabel to ensure the successful start up and long term growth of her enterprise.
		[15]

# Use the case study, your own enterprise experience and your knowledge of business to answer question 7(a).

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# Use the case study, your own enterprise experience and your knowledge of business to answer question 7(b).

For Examiner's Use

7	(b)	When starting up, Mabel gave out leaflets to local businesses. She calculated the risks and responsibilities of attracting more customers.
		Discuss how Mabel could use marketing communication methods to attract more customers.
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