



# Cambridge IGCSE™

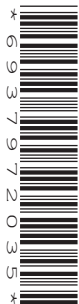
CANDIDATE  
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**ENTERPRISE**

**0454/12**

Paper 1

**May/June 2020**

**1 hour 30 minutes**

You must answer on the question paper.

You will need: Insert (enclosed)

## INSTRUCTIONS

- Answer **all** questions.
- Use a black or dark blue pen. You may use an HB pencil for any diagrams or graphs.
- Write your name, centre number and candidate number in the boxes at the top of the page.
- Write your answer to each question in the space provided.
- Do **not** use an erasable pen or correction fluid.
- Do **not** write on any bar codes.

## INFORMATION

- The total mark for this paper is 100.
- The number of marks for each question or part question is shown in brackets [ ].
- You should have received a copy of the case study before the examination. A copy of the case study is provided with this question paper as an insert.

This document has **16** pages. Blank pages are indicated.

Section A

Answer **all** questions.

1 Kelvin and Shelo thought that they would be a strong team when operating their enterprise as a partnership.

(a) Define the term *partnership*.

.....  
..... [2]

(b) State **two** types of business organisation, other than partnership.

1 .....  
2 ..... [2]

(c) Explain **one** advantage and **one** disadvantage to **your enterprise project** of operating as your chosen type of business organisation.

Type of business organisation: .....

Advantage .....

.....  
.....  
.....  
.....  
.....

Disadvantage .....

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.....  
.....  
..... [6]

[Total: 10]

2 Kelvin and Shelo thought that selling cakes in a competitive market would be a risk and they decided to choose another idea.

(a) Explain the difference between *risk-averse* and *risk-keen*.

.....  
.....  
.....  
..... [2]

(b) Explain how an entrepreneur decides whether a risk is worth taking.

.....  
.....  
.....  
..... [2]

(c) Explain how **two** risks experienced during **your enterprise project** had an effect on the enterprise.

Risk 1 .....

Example .....

Effect .....

Risk 2 .....

Example .....

Effect ..... [6]

[Total: 10]

3 The teacher said that it would be illegal to use cartoons from the internet without permission.

(a) State **two** ways that stakeholders are protected by laws and regulations.

1 .....

2 ..... [2]

(b) Describe the term *ethical considerations*.

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.....

..... [2]

(c) Explain **two** actions that Kelvin and Shelo could take to be ethical, and include the likely outcome of these actions.

1 .....

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2 .....

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..... [6]

[Total: 10]

4 Shelo's revised budget showed that they could not afford to make enough cotton bags to break-even.

(a) Define the terms:

(i) *profit*

.....  
..... [2]

(ii) *trade receivables*

.....  
..... [2]

(iii) *trade payables.*

.....  
..... [2]

(b) Calculate the number of cotton bags Kelvin and Shelo would need to sell to break-even, using the information in Fig. 1 in the Insert. Show your working.

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Break-even number of cotton bags = ..... [4]

[Total: 10]

5 Kelvin and Shelo each negotiated with their parents.

(a) State **two** stages in the negotiation process.

1 .....

2 ..... [2]

(b) Describe **one** situation where a negotiation was necessary during **your enterprise project**.

.....  
.....  
.....  
..... [2]

(c) Explain how **two** factors affected the success of negotiation during **your enterprise project**.

1 .....

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2 .....

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.....  
..... [6]

[Total: 10]



(b) Kelvin thought that he might be able to continue the cotton bag enterprise in the future.

Evaluate which will be the **most** effective method for Kelvin to use to attract new customers if the cotton bag enterprise continues. Use examples to support your answer. [15]

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[Total: 25]

[Turn over



7 Now consider **your enterprise project**.

- (a) One stage of the enterprise process is to explore creative solutions to problems, such as choosing a product to sell.

Analyse the success of the method(s) used to choose a good or service for **your enterprise project**. [10]

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- (b) Evaluate the effectiveness of the marketing communications used in **your enterprise project** to increase consumer awareness of your product. Use examples to support your answer. [15]

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