UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

CANDIDATE NAME	

CENTRE NUMBER						CANDIDATE NUMBER				

ENTERPRISE **0454/01**

Paper 1 **May/June 2011**

1 hour 30 minutes

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.

UNIVERSITY *of* CAMBRIDGE
International Examinations

[Turn over

2

Section A

Answer **all** the questions.

1 **(a)** Vijay remembered that at school Mabel had been very enterprising.

(i) What is meant by the term *enterprising*?

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.... [1]

(ii) Explain **one** way that **you** were enterprising when taking part in **your enterprise project**.

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.... [2]

(b) Mabel asked for advice from her father before starting her enterprise.

With reference to **one** organisation or individual that you have studied, discuss the ways in which they could assist Mabel to solve the problems of starting up 'Mabel's Lunches'.

Name of organisation or individual ....

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[Total: 8]

2 Many enterprises are concerned about the possible legal issues involved in running an enterprise.

(a) Explain **one** way in which production in an enterprise might be affected by laws.

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(b) Use PESTEL analysis to discuss **two** risks that could affect **your enterprise project**.

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[Total: 8]

3 Starting as a sole trader under the name 'Mabel's Lunches', Mabel plans to set up a sandwich delivery service.

(a) What is meant by the term *sole trader*?

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.... [2]

(b) Negotiation skills are very important for Mabel, such as when arranging credit with local suppliers.

(i) What is meant by *negotiation*?

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(ii) Identify and explain **two** factors which any entrepreneur would need to consider before negotiating with a supplier.

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[4]

(c) Identify and explain **two** skills, apart from negotiation skills, that Mabel would need to be a successful entrepreneur.

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[6]

[Total: 14]

4 **(a)** Explain the meaning of the following terms:

(i) variable cost

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(ii) overheads

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(iii) profit

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[3]

6

(b) Mabel created the following budget for the first month of her enterprise.

Budget item	Cost US$
Van	2000
Packaging	35
Food items	150
Total	2185

Identify **two** more items which might be included in a budget.

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2 ....[2]

(c) Explain **one** problem which could be avoided by preparing a budget for an enterprise.

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[Total: 9]

5 Many enterprises have a cash flow deficit during the start up period.

(a) Explain why cash flow is important to an enterprise.

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(b) Complete the cash flow budget below by calculating the amounts for **A** and **B**. The figures in brackets are negative.

Mabel's Lunches Cash Flow Budget

	January US$	February US$	March US$	April US$
Cash inflow (receipts)				
Cash sales		300	450	450
Total cash inflow (receipts)	0	300	450	450
Cash outflow (payments)				
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	**A**	165
Opening bank balance	2700	(85)	(70)	95
Closing bank balance	(85)	(70)	95	**B**

Amount **A**...

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Amount **B**...

....[2]

 [Turn over

8

(c) With reference to **your enterprise project**, explain the methods you used to try to avoid a cash flow deficit.

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[Total: 11]

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Section B

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 **your enterprise project** operated.

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

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

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

7 **(a)** Evaluate the different methods of communication Mabel could have used to arrange credit with local suppliers.

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

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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