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UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

CANDIDATE NAME	

CENTRE NUMBER						CANDIDATE NUMBER					

5041298935

ENTERPRISE **0454/01**

Paper 1 **May/June 2012**

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.

This document consists of **12** printed pages and **1** Insert.

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Section A

For Examiner's Use

Answer **all** the questions.

1 Skills are important for the success of an entrepreneur.

(a) What is meant by the term *enterprise*?

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..... [2]

(b) **(i)** State **three** skills which are needed to be entrepreneurial.

1 .....

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2 .....

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3 .....

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[3]

(ii) Explain how using **one** of these skills might have helped **you** to have become a more successful entrepreneur in **your enterprise project**.

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..... [4]

[Total: 9]

For Examiner's Use

2 Khia decided to run KLG Badges as a sole trader.

(a) Describe **two** possible advantages and **two** possible disadvantages of organising an enterprise as a sole trader.

Advantage 1 .....

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Advantage 2 .....

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Disadvantage 1 .....

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Disadvantage 2 .....

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[8]

(b) Explain **two** suitable objectives for KLG Badges in its first year.

1 .....

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2 .....

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[4]

[Total: 12]

For Examiner's Use

3 We are told that Khia understood the difference between fixed and variable costs.

(a) Identifying examples from the case study, explain what is meant by fixed and variable costs.

Fixed costs .....

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Variable costs .....

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..... [4]

(b) Explain why it was important for **your enterprise project** to keep and maintain accurate financial records.

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..... [6]

[Total: 10]

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For Examiner's Use

4 Khia used leaflets and the telephone to communicate with organisations.

(a) Identify **three** other methods of communication a small enterprise might use to communicate with customers.

1 .....

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2 .....

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3 .....

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[3]

(b) Explain why it will be important for Khia to keep her existing customers.

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.....[6]

[Total: 9]

For Examiner's Use

5 Khia knew that there were sources of support available for new enterprises.

(a) Explain, using an example of each, how formal and informal sources of support can help a new enterprise.

Formal support .....

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Informal support .....

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..... [4]

(b) Discuss the effectiveness of the sources of support used in **your enterprise project**.

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..... [6]

[Total: 10]

Section B

For Examiner's Use

Answer **all** the questions.

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

6 **(a)** Khia has decided to buy a new computer and printer. She is considering applying for a loan or an overdraft or a government grant.

Recommend which **one** of these three sources of finance she should apply for. Explain why you did not recommend the other two sources of finance. [10]

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

For Examiner's Use

(b) Discuss the importance of cash flow to the future survival of KLG Badges. [15]

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For Examiner's Use

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

For Examiner's Use

7 **(a)** It is important that enterprises use an appropriate form of business language.

Discuss, using examples, how important it was that **your enterprise project** used appropriate business language when communicating with stakeholders. [10]

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

For Examiner's Use

(b) Business plans are an important part of communication for an enterprise.

Evaluate the importance of a business plan in the start-up of **your enterprise project**. [15]

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