

# ENTERPRISE

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Paper 0454/01  
Case Study

## Key Messages

Throughout the examination candidates are required to apply the information provided in the case study and their own experience of enterprise to help them to answer the questions set.

To gain full marks candidates must be confident that they understand and can analyse the case study material.

**Section A** answers require recall of knowledge and some elaboration with relevant examples taken from the case study or their enterprise experience. Candidates should be encouraged to discuss the issues raised by the case study and apply them to their enterprise experience.

**Section B** answers require detailed discussion, which considers both positive and negative aspects of the topic and a justified conclusion.

## General Comments

There was an improvement in the number of candidates who were able to effectively use the case study material to support their answers. Centres have clearly made good use of the pre-issued case study material to help candidates to prepare for the examination. Such candidates scored highly in **Section B** of the paper. A lack of application by some candidates significantly reduced their marks, this was an issue with **Questions** such as **1b (ii)** and **5b**.

Some aspects of the syllabus were not clearly understood by candidates. This was particularly apparent with respect to Topic 7 (business planning) and Topic 9 (Help and support for enterprise). Financial planning was highlighted as a weak area in the November paper and it continues to be an issue with a number of candidates this session. Candidates must understand the purpose of planning for an enterprise.

**Section B** questions require a two sided discussion which leads to a justified decision. A number of candidates came to conclusions which were not supported by the evidence provided. Candidates would benefit from further practise with this style of question.

There are some considerations that might be helpful in enabling candidates to achieve higher marks in future exam sessions:

- Before the examination the issues raised by the case study should be discussed and applied to the candidate's enterprise experience.
- Read the entire question - the information provided gives key directions as to how the questions should be approached.
- Pay careful attention to the key directive words in the question.
- Learn precise definitions.
- Use examples from the case study and your own experience to develop explanations wherever possible.
- In **Section B** answers try to look at both negative and positive aspects before coming to a conclusion

## Comments on Specific Questions

### Section A

#### Question 1

This question examined topics 1 and 3 of the syllabus. Candidates found some aspects of this question challenging.

- (a) Strong candidates gave clear definitions of business enterprise or identified some of the key components of entrepreneurial action. A common error was to confuse enterprise with sole trader or small business and to offer a definition of these terms.
- (b) (i) Candidates clearly understood this aspect of the syllabus with the majority offering 3 relevant examples of appropriate skills. Candidates need to be reminded to be precise in their identification of skills to ensure that they gained the marks available. A number of candidates stated 'passion' or 'responsibility' in their answers. Such ideas may be valid but required further elaboration to gain credit.
- (ii) To gain full marks on this question, candidates were required to apply their knowledge of entrepreneurial skills to explain how such skills would have helped them to work more effectively. A good approach, adopted by the most successful candidates, was to identify a relevant skill, explain how that could have been used within their enterprise and explain the positive impact that would have resulted from such a skill. An equally valid approach was to describe how the absence of an identified skill had hindered the operation of their enterprise. A number of candidates repeated their answer to part **b(i)** and identified a list of skills. Such answers gained no marks.

#### Question 2

Candidates clearly had strong knowledge of some of the topics covered by this question, but Topic 7 Business Planning, was not well understood by a number of candidates.

- (a) This knowledge based question was well answered by a number of candidates. Many were able to develop the point identified to explain why it was an advantage or a disadvantage to the enterprise. A number of candidates successfully explained how being your own boss could be both an advantage, in terms of keeping all of the profits, and a disadvantage by limiting the advice available. Weaker answers provided a list of relevant points with no attempt at development.
- (b) A small number of candidates did not attempt this question. The weakest candidates chose objectives such as 'researching finance' which were not suitable for an enterprise which is in its first year of operation. Only the very best candidates were able to make use of the case study material to explain why the objective was suitable.

#### Question 3

This question examined the candidates understanding and ability to explain the importance of aspects of financial planning. The issues identified in the Examiner's report for November 2011 were again identified in this exam session. Many candidates understood the concepts but very few were able to explain why financial planning is important.

- (a) Many responses gave clear and precise definitions. A common error was to define fixed costs as 'costs that do not change' ignoring the output element. A number of answers provided examples which were not in the case study.
- (b) The knowledge element of this question was understood by all but the weakest candidates. A number of reasons for financial record keeping were identified, the most common answer being to avoid debt. Strong answers then explained, using examples, why this was important to their enterprise. This was often explained in terms of ensuring that they had the finance to buy greater amounts of stock to allow the enterprise to continue.

#### Question 4

- (a) A well answered question with many appropriate methods being suggested. A number of candidates ignored the direction to 'identify three **other** methods' and repeated the methods given in the stem of the question. Candidates need to read the entire question carefully to avoid such errors.
- (b) This is a topic area that candidates struggled to understand. To achieve full marks answers needed to explain why it is important for the enterprise in the case study to retain customers. The best candidates explained the impact on the enterprise in terms of reduced promotion cost or boosted reputation. They then used the case study material provided to explain why these were areas that Khia needed to consider because of her lack of finance etc. The majority of candidates showed some understanding that keeping existing customers would impact upon profit in some way. A small number of candidates misinterpreted the question and discussed how to keep customers.

#### Question 5

For many candidates this was the most difficult question in **Section A**. The answers to this question suggest that candidates would benefit from a more detailed study of Topic 9 of the syllabus.

- (a) A number of candidates did not attempt this knowledge based question. The candidates who did attempt the question frequently identified a source of support but struggled to explain how it assisted enterprises. The best answers used examples from the case study, or their enterprise, to illustrate how the support identified had been of assistance. A number of candidates confused the question and explained the operation of informal and formal meetings.
- (b) This was a very challenging question for many candidates. The strongest answers used their response to part (a) and developed an analysis of the effectiveness of the method of support identified. Such answers explained either the positive or negative impacts and made a judgement based upon the points raised. A common approach was to explain how their school had supported the enterprise, what this had allowed them to do and how that action would not have been possible without the schools support. Many candidates showed knowledge of the support available but did not apply this to their enterprise project.

#### Section B

#### Question 6

- (a) This question built upon information provided in the case study. Candidates were required to compare the different methods of finance identified and make a reasoned recommendation. A good approach was to identify why the finance was required and explain the advantages of one of the given methods of finance in these circumstances. Detailed analysis could then be provided by an explanation of the disadvantages of the other two methods of finance. A final decision could then provide the evidence for Level 4 marks to be awarded. The strongest candidates identified that this enterprise might struggle to pay back loans or overdrafts within the time required. A number of candidates struggled to gain marks above Level 1 because they did not focus their answer on the question set. Such answers often displayed strong knowledge of methods of finance but did not apply this to the purchase of a computer by a newly formed enterprise. Common errors included statements that overdrafts are long term sources of finance and grants must be repaid.
- (b) Many candidates found this to be a very difficult question; a number did not attempt a response. Weaker candidates showed knowledge of stakeholders or cash flow forecasts but were unable to develop their answer to explain why cash flow is important to an organisation. The best responses addressed the specific question asked, considered the situation outlined in the case study and produced an evaluative judgement relevant to KLG Badges. The most common answer being the need to have adequate working capital available to prevent the need for expensive short term sources of finance.

### Question 7

This question tackled areas of the syllabus which candidates are not confident about. This was particularly evident in the responses to part (a).

- (a) There were some good responses which used relevant examples from their enterprise activity to explain the positive impacts of correct business language and the consequences of poor language. Such answers often compared and contrasted the language which was used when communicating with financiers and the language used in promotional material or with friends. An explanation was then provided as to why these differences were necessary.
- (b) Planning is a major element in any enterprise and forms a major part of the coursework for this examination. Many candidates were able to identify the elements of a business plan and gained at least Level 1 marks. The usefulness of such planning was not well understood. The best answers identified a benefit of planning for their enterprise, the most common reason being to help to plan finance or obtain loans. Such answers then explained how drawing up the plan benefited the enterprise and explained the problems which might have arisen without a plan. Such an approach allowed candidates to offer a two sided discussion and make a considered evaluation. An alternative approach taken by some candidates was to explain the problems they faced due to the lack of planning which led to a discussion as to how the plan could have improved the enterprise.

# ENTERPRISE

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**Paper 0454/02**  
**Coursework**

## **Key Messages**

- To score top marks, candidates must provide evidence of all activities for each task.
- Activities requiring demonstration of practical enterprising skills were done well.
- Activities which required candidates to show analysis and evaluation skills (AO3) needed to contain more explanation and supporting evidence.

## **General comments**

This module is the coursework component for this examination, through which candidates have the opportunity to carry out their own enterprise project either on their own or as a member of a group. Candidates are required to complete four main tasks, each of which requires candidates to provide a range of material as evidence. These are designed to assess a range of assessment objectives and skills associated with enterprising activities. Coursework projects are initially assessed by Centre staff, and then a sample is submitted for external moderation.

Candidates seemed well advised in their choice of suitable projects. Many candidates were able to use appropriate enterprising techniques to gather the evidence required for each task. Candidates need to ensure they provide evidence for all elements of each task to avoid limiting the number of potential marks that they can score. It is therefore important that both Centres and candidates are familiar with the course requirements as specified in the syllabus.

Overall, analysis and evaluation was awarded generously by many Centres. It should be noted that a simple list or table, without any accompanying explanation of points does not constitute analysis. For candidates to access the higher mark bands, they must also show depth to their analysis (and evaluation) and this should be seen consistently in all parts of the relevant task.

For Task 1, candidates were required to submit both a written report, and either a wall chart or information leaflet. It was pleasing to see that virtually all candidates provided evidence for both elements.

For the Task 1 report, better performing candidates were able to communicate the process and outcome of their investigations into choosing a suitable project. They were able to present their data in a meaningful way and were able to draw valid conclusions from the data they had obtained. Within the better reports there was good evidence of higher order skills of analysis and evaluation. Others needed to develop more detailed explanations to say why they had chosen one option over other possible options, rather than just stating their choice.

For Task 2, candidates were required to present evidence of business planning. All candidates were required to produce an action plan, risk assessment and either evidence of financial planning or marketing communication. Some candidates omitted evidence for one element of this task, which restricted the mark that the candidates could access as they could not fully satisfy the relevant descriptors for the higher level mark bands.

Many good responses contained detailed explanations to show possible risks, and the reasons behind their decisions. Others needed to develop more detailed explanations in order to achieve high marks. For example, candidates could explain why the risks identified were issues for their project, why certain tasks in the action plan were given to a specific individual, and reasons behind the choice of their marketing or financial options. All candidates need to provide detailed explanations for all parts of the task, in order to show a 'very good ability to analyse information'.

For Task 3, candidates were required to provide evidence of preparation for negotiation and a written record of how they had implemented their action plan. Candidates were generally well prepared to carry out this practical task. Most candidates seemed to enjoy the opportunity to practise their negotiation skills.

It is worth emphasising that when using a witness statement as evidence of negotiation, Centres should ensure it is signed by an appropriate person and includes detailed comments to support the mark awarded. This would greatly assist the moderator in determining how well the skills of enterprise were applied. A witness statement alone is not sufficient evidence for this task, candidates must also include written evidence to support any mark credited.

For Task 4, candidates were required to produce a formal report. It was pleasing to see that most of the written reports did adhere closely to the guidelines from the syllabus regarding good practice for report generation. The majority of candidates were able to make simple conclusions about the success of their project. Fewer candidates were able to use evidence collected to support their conclusions which they need to do to merit a high mark.

The annotation of the work was limited. It would assist the external moderation process if the Centres mark where candidates have demonstrated the relevant assessment criteria. For example writing AO1, AO2 and AO3 or comments such as good analysis at appropriate points in the work would be helpful.