



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS  
International General Certificate of Secondary Education

CANDIDATE  
NAME

CENTRE  
NUMBER

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CANDIDATE  
NUMBER

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**ENTERPRISE**

Paper 1

**0454/01**

**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.

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





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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..... [2]

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

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..... [6]

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

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

1 .....

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2 .....

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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]

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

<b>Budget item</b>	<b>Cost US\$</b>
Van	2000
Packaging	35
Food items	150
Total	<u>2185</u>

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

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

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

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..... [4]

**[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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..... [3]

(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	<u>        </u>	<u>300</u>	<u>450</u>	<u>450</u>
Total cash inflow (receipts)	<u>0</u>	<u>300</u>	<u>450</u>	<u>450</u>
Cash outflow (payments)				
Vehicle (van)	2000			
Fuel	100	100	100	100
Food	150	150	150	150
Packaging	35	35	35	35
Insurance	<u>500</u>			
Total cash outflow (payments)	<u>2785</u>	<u>285</u>	<u>285</u>	<u>285</u>
Net Cash flow	(2785)	15	<b>A</b>	165
Opening bank balance	<u>2700</u>	<u>(85)</u>	<u>(70)</u>	<u>95</u>
Closing bank balance	<u>(85)</u>	<u>(70)</u>	<u>95</u>	<u><b>B</b></u>

Amount **A**.....

.....

Amount **B**.....

..... [2]











