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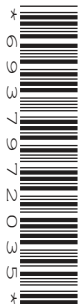
CANDIDATE
NAME

CENTRE
NUMBER

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CANDIDATE
NUMBER

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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

.....
.....
.....
.....
.....
..... [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]

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.

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

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

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

2

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

[Total: 10]

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