Cambridge IGCSE

**Cambridge Assessment International Education**
Cambridge International General Certificate of Secondary Education

**ENTERPRISE** **0454/13**

Paper 1 **May/June 2019**

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**1 hour 30 minutes**

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**READ THESE INSTRUCTIONS FIRST**

This Insert contains the case study for use when answering the questions.

Anything the candidate writes on this Insert will **not** be marked.

This syllabus is regulated for use in England, Wales and Northern Ireland as a Cambridge International Level 1/Level 2 Certificate.

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## D&S Historical Tours

### The background

The area where Dennis lives has many ancient historical sites which he has visited since he was a child. Dennis has a very good knowledge of local and national history. He enjoys sharing this knowledge with the many visitors that come to his country. In his spare time, in return for a small payment, he offers informal tours of local historical sites.

### The idea

Visitors and workers at the historical sites often recommended Dennis as a guide. They were impressed by his knowledge and ability to clearly communicate complex information to people of all ages. He had never received any complaints about his tours.

With increasing demand for his services, Dennis left his job to work full-time as a tour guide. To gain as many customers as possible, he travelled to different sites around the country.

The visitors often asked Dennis for advice on other aspects of their trip such as transport, hotels and restaurants. Dennis wondered if visitors might be willing to pay for a fully organised tour for five days. This fully organised tour could include a visit to each of the most important historical sites with transport, accommodation and food included.

### The planning

Dennis discussed the idea with his friend Selwyn who worked as a local driver. He suggested that the friends form a partnership to provide fully organised tours. Selwyn would be responsible for transport, accommodation and food. Dennis would explain the historical sites that they visited.

Although Selwyn could see that this arrangement might be beneficial to both partners, he was cautious. He knew that people providing fully organised tours had many responsibilities to their customers. There would be many laws and regulations that they would have to follow. Selwyn wanted proof that the profits would make the risk worthwhile.

Dennis produced a simple budget for a tour. He based his figures around the prices that he thought visitors were currently paying for similar fully organised tours. The budget included entry fees for sites, the cost of accommodation and Selwyn and Dennis's wages. The potential profit looked impressive and Selwyn was convinced that he should be involved. The friends agreed to complete some further research, before starting a partnership.

### The opportunity

Dennis and Selwyn were planning their new enterprise when Dennis received a letter from the representative of an international tour company, Miss Rana. The company had recently started to offer tours of Dennis and Selwyn's country and they wanted to employ a resourceful local guide. Dennis had been recommended to Miss Rana as a tour guide and she wanted to interview him for a job.

Being employed by an international tour company would have many benefits but Dennis was concerned about working for someone else. He thought the partnership with Selwyn would be better for him.

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Selwyn did not agree. He saw this as an opportunity for their potential partnership. He thought that they might be able to negotiate a deal to supply fully organised tours to the company. The tour company gained customers from all over the world and by working with them Dennis and Selwyn could reach more customers. Selwyn persuaded Dennis to arrange a meeting with Miss Rana and helped him prepare for the negotiation.

**The meeting**

Dennis met with Miss Rana, and outlined the proposal he and Selwyn had prepared. She was impressed by Dennis's knowledge and local connections and could see the benefits of the proposal to the international tour company.

Miss Rana was willing to hire Dennis and Selwyn to provide fully organised tours. The friends would need to organise each tour and send the details to Miss Rana. She would then advertise the tour around the world and collect payment from customers. Dennis and Selwyn would organise each tour, but would only receive payment for their services if the tour was fully booked. There was a risk that they would not be paid if too few customers booked the tour.

If they accepted the offer, Dennis and Selwyn would no longer be in complete control. There was also a risk that they would complete the organisation for some of the tours and not receive any payment.

**The decision**

Dennis needed to discuss the offer with Selwyn. They had a big decision to make.

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