Cambridge IGCSE

Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

ENTERPRISE **0454/13**

Paper 1 **October/November 2019**

CASE STUDY

3139450616

READ THESE INSTRUCTIONS FIRST

You should read and discuss the case study thoroughly and carefully in advance of the examination. The examination questions will be based upon the case study and your own enterprise experience and knowledge.

You will be given one copy of this case study for use during your preparation for the examination, which you may annotate as you wish, but which you will **not** be allowed to take into the examination.

You will be provided with a clean copy of the case study, along with the Question Paper, for use in the examination.

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

This document consists of **3** printed pages and **1** blank page.

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Valley View Farm Stay

The background

Aurelie lives with her parents in Valley View Farm, in a beautiful part of the country. Most of the farm produce is sold to a local co-operative. This is the family's only source of income.

In recent years, Aurelie's parents have become concerned about the fall in prices that they receive for their produce. Aurelie's parents always meet their legal responsibilities and they also have strong ethical principles. Her parents always pay their workers a good wage and only buy resources from other ethical suppliers. With falling prices they are receiving less profit from their produce each year. The family needs to find a way to increase the income that they earn.

The idea

At the local market one day, a visitor asked Aurelie if she knew of any local places to stay in the area for a few days. The visitor had brought a tent with him and was happy to camp in a field if a farmer would give him permission.

Aurelie asked her mother if the visitor could camp in one of their fields. Her mother agreed that for a small fee the visitor could put his tent in a field and have meals at the farmhouse.

During dinner the visitor told Aurelie that many people from the city visit the area each year to take photographs and walk in the countryside. He thought that many of these people would enjoy the opportunity to experience life on a farm.

Aurelie wondered if allowing people to stay on the farm could be a way to earn some extra money for the family. She decided to do some research.

The research

Aurelie used the internet to research the number of visitors to the local area. She found that the number of visitors was increasing each year.

Next Aurelie researched the number of places to stay in the local area. There was only one hotel and it was quite expensive, and the nearest campsite was far away. This was good news; there would not be much local competition.

The start

Aurelie explained her idea to her parents. By using one field for visitors to stay, the rest of the farm would not be affected. She thought the family could earn extra money with no additional costs.

Although Aurelie's mother could see that some money could be made, she did not agree that this new enterprise would have no additional costs. She explained that if many people stayed the family would need to provide some facilities. For example, the visitors could not all use the farm's bathroom. Also visitors would create noise and traffic which might annoy neighbouring farmers.

Aurelie's mother thought that there must be some laws and regulations that would affect what they could do. She knows that when buying goods she has some rights under consumer protection law and wonders if there are similar laws that will affect the services they want to offer. Aurelie thinks that if they need to employ extra workers for Valley View Farm Stay, there may be similar legal protection for these employees.

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Her father was more enthusiastic. He remembered seeing a brochure advertising holidays on farms. He thought that they could convert some unused farm buildings to create rooms, toilets and washing facilities for visitors. By completing most of the work himself, he would be able to keep costs low.

Aurelie's mother was persuaded that converting the unused farm buildings for visitors to use may be a way for them to increase the income that they earn. Before using the family's limited finance, she wanted to make sure that this enterprise could be profitable. Proper planning would be essential.

The planning

Aurelie's mother wrote out a list of tasks to be included in an action plan for the new farm stay enterprise. This list included:

- researching the laws and regulations that might affect the enterprise
- identifying all of the costs to produce a simple budget
- calculating potential demand and setting prices
- marketing the farm stay enterprise by identifying potential customers and telling them about it.

Although Aurelie had already completed some internet research, her parents wanted to have more detailed information. They thought that a useful starting point would be to talk to a farmer in another area who offered farm stays. This farmer would be able to give them practical advice on all aspects of the enterprise, especially how to attract and retain customers.

The future

The research was only just beginning, but Aurelie and her family were hopeful about the potential future success of this new enterprise.

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