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ENTERPRISE**0454/11**

Paper 1

May/June 2026

INSERT

1 hour 30 minutes

INFORMATION

- This insert contains the case study.
- You may annotate this insert and use the blank spaces for planning. **Do not write your answers** on the insert.



This document has **4** pages. Any blank pages are indicated.

Tent renting enterprise

The background

Mateo loves music. In his free time, he travels to music festivals all over the country. As these festivals are often held in remote areas, Mateo takes a tent so he can stay near the festival sites.

At a recent festival, Mateo talked to one of the staff, Ada. She complained about the amount of time it took to clear up the trash left after each festival, especially the abandoned tents.

The idea

After his conversation with Ada, Mateo wondered if there was a way to reduce the trash at festival sites. He used the internet to research possible solutions.

Mateo did not find any solutions for the biggest problem, the abandoned tents. However, he thought that there could be a solution. An entrepreneur could set up tents in an area close to the festival site. Visitors to the festival could then pay to rent a tent. After the festival, the tents would be removed and transported to the next festival site.

Mateo wondered if this could be a profitable start-up enterprise for him.

The research

At the next music festival, Mateo asked people to complete a questionnaire. Figure 1.1 shows some of the questions that were included in his questionnaire.

questionnaire	
1. Would you be willing to pay to rent a tent at a festival?	yes <input style="width: 40px;" type="checkbox"/> no <input style="width: 40px;" type="checkbox"/>
2. How much would you be willing to pay each night?	\$.....
3. Which music festivals do you regularly attend?	

Figure 1.1

The responses to the questionnaire suggested a strong demand for a tent renting service.

The next steps

Mateo knew that it was important to plan the finances before starting any enterprise. This would avoid the risk of overspending.

Using the questionnaire responses, Mateo decided on a price of \$12 a night to rent a tent. He then researched the costs of buying tents, buying sleeping bags and renting a location to set up the tents. Mateo used this information to write the financial plan shown in Table 1.1.

Table 1.1

financial plan	
	\$
sales revenue:	
tent rental for each night	12
costs:	
purchase of a tent and a sleeping bag	53
rent of location for 3 nights for up to 50 tents	250

Mateo had planned to use his personal savings to finance the enterprise. However, with his savings, he could only afford to buy five tents and rent a site at two music festivals. Mateo knew that he would need to buy more tents to make a profit or at least break even. He would need to find another source of finance.

The planning

Mateo had thought that a sole trader would be the most appropriate type of business organisation for his enterprise. However, he wondered if this was the best choice of business organisation for the future. Before completing any further planning, he decided to seek some advice from his bank manager.

The advice

The bank manager, Nita, thought that Mateo's enterprise idea had the potential to be successful. However, Nita wanted to see Mateo's business plan before offering further advice.

As Mateo had not yet completed a business plan, Nita provided him with a template. She also gave him some templates for other documents, including an action plan. Nita suggested that Mateo discuss his ideas with music festival organisers, complete the documents and then arrange another meeting with her. Mateo agreed.

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