



# GO CALCULATE... ECONOMICS

## WHY USE TREE TOP ADVENTURE TO DEVELOP STUDENTS' KNOWLEDGE AND UNDERSTANDING OF ECONOMICS?

Go Ape was started by Tristram and Rebecca Mayhew, a husband and wife with a simple idea to encourage adventure in the UK. A good knowledge of business and economics helped the couple to grow Go Ape from a shared vision into a 15-year strong business. How better to inspire students to have an interest in economics than by using real life examples to learn from? Use the Go Ape story to answer these questions below.

### GO BITESIZE

- Research how much it costs to build a Tree Top Adventure by using the internet or enlisting the help of Go Ape staff at site.
- Research all the outgoings required for running a successful adventure course. You may want to consider staff training, harness maintenance etc.
- Calculate a profitable pricing plan for the Tree Top Adventure product based on an average volume of 1700 participants per month.
- Calculate the likely profit per month.
- Using your monthly profit and expenses, calculate your net income for the year.
- Estimate the price elasticity of demand if you were to drop the price of Tree Top Adventure by £5 per person. Will the demand be elastic or inelastic? The formula for calculating the co-efficient of elasticity of demand is: **estimated % change in demand ÷ by the % change in price.**



### GO PROJECT

Your task is to create a successful business model for a Go Ape site. You are required to allocate your money in the most efficient way to generate the largest net income, including the cost of building the adventure, hourly wages, routine maintenance costs and paying taxes. You have been allocated 500,000 Golden Bananas. Below are some useful costs to get you started:

- It costs 500,000 Golden Bananas to build a Tree Top Adventure course.
- The maximum daily capacity for a Tree Top Adventure course is 220 participants.
- It costs 200,000 Golden Bananas to build a Tree Top Junior course.
- The maximum daily capacity for a Tree Top Junior course is 250 participants.
- Employee hourly wages must be between 8-10 Golden Bananas per hour.
- The operating hours are 9-5pm, 150 days a year.
- Yearly maintenance of the course costs 30,000 Golden Bananas to conduct.
- Taxes are charged at 20%.

