UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

BUSINESS STUDIES **0450/23**

Paper 2 **October/November 2010**

INSERT

1 hour 45 minutes

READ THESE INSTRUCTIONS FIRST

This Insert contains the case study material.
Anything the candidate writes on this Insert will not be marked.

This document consists of **4** printed pages.

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The Four J's Café

The Four J's Café is owned by four friends, Jamil, Jim, Jayne, Jemima. They set up the Four J's Café 3 years ago as a partnership. Each partner invested $50 000 and has a 25% ownership.

The profits from the café have grown each year and the business made a net profit of $20 000 in 2009. The café employs 5 full-time workers and 10 part-time workers.

The café is located on the edge of New City by the side of a lake. The land is cheap in this area and rents for shops and restaurants are low. There is an increasing number of empty buildings because crime and unemployment are becoming big problems.

The café is popular with young people but is much busier on some days than others.

Many tourists visit New City and often stay in hotels in the centre of the city.

The owners of the café want to expand the business and there are three options they are considering:

Option 1: Buy a building in the central part of New City to open another café aimed at tourists.

Option 2: Expand the existing café by buying the building next door.

Option 3: Sell the Four J's Café name as a franchise.

Appendix 1

A summary of accounting information for The Four J's Café for the year ending 31st December 2009

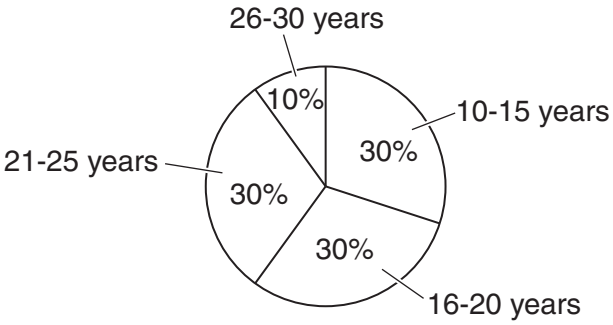
	$
Sales of food	80 000
Sales of drinks	20 000
Total Revenue	100 000
Rent	6 000
Wages	30 000
Advertising	5 000
Other expenses	15 000
Cost of goods sold: food	20 000
Cost of goods sold: drinks	4 000
Total Costs	80 000
Capital employed	200 000

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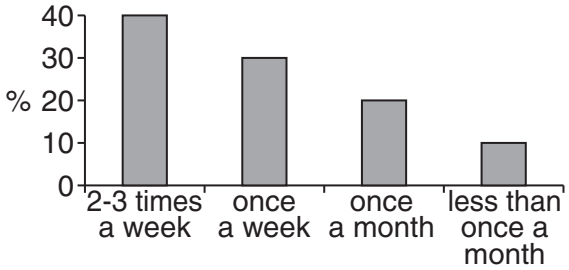
Appendix 2

The Four J's Café carried out a questionnaire survey to find out what customers thought about the café. They asked 100 people. Below are the results of this questionnaire survey.

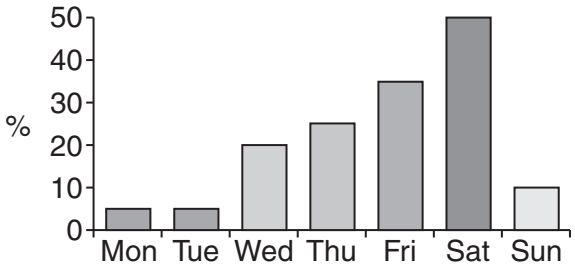
Q1 Age groups asked



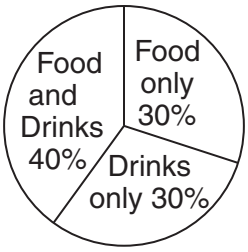
Q2 How often do you visit the café?



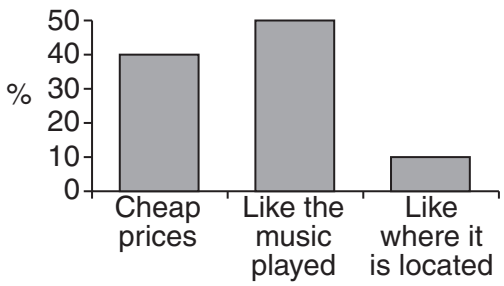
Q3 Which days do you visit the café?



Q4 What do you buy at the café?



Q5 Why do you use this café?



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[Turn over

Appendix 3

New City Times 3 October 2010

Government help for small business

The Government wants to encourage an increase in the number of small businesses in the economy. Small businesses provide employment, pay taxes and stimulate economic growth. Many small businesses provide their owners with a high return. Typically the profitability ratios for small businesses are Return on Capital Employed (ROCE) of 20% or above and net profit margins of 15% or above. These profits are often reinvested back into the business.

To help new small businesses set up and to help existing small businesses to grow, the Government has introduced several types of help. There are grants available for new businesses wanting to start up. For existing businesses there is advice, low interest loans are available, and if a business locates in an area of high unemployment it will not pay tax for 5 years.

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