UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

BUSINESS STUDIES **7115/22**

Paper 2 **October/November 2010**

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1 hour 45 minutes

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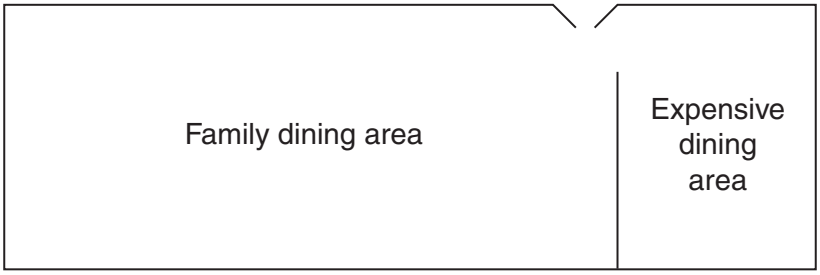
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The Riverside Restaurant

The Riverside Restaurant is owned by two sisters Kim and Selina. They set up the restaurant 5 years ago as a private limited company. It is located on the edge of the city. Each sister owns 50% of the shares.

The business is split into two separate dining areas. One area is for families and the other area serves more expensive meals for adults. The family dining area is large and is hired out for weddings and birthday parties. The other area is mainly for business people and wealthy customers.



Both areas of the restaurant are always busy and fully booked at weekends. Kim and Selina want to expand the business. The restaurant cannot be expanded on its existing site as it has buildings on one side and it is next to a river on the other side.

There are three options for the business to expand.

Option 1: Buy a boat and convert it into a floating restaurant next to the main restaurant to hire out for weddings and birthday parties.

Option 2: Buy an additional restaurant in an expensive part of the city.

Option 3: Close the existing restaurant and relocate to a new building which is much larger and is in the centre of the city.

Appendix 1

A summary of the costs and revenue for The Riverside Restaurant for the year ending 31st December 2009 in $

Family dining area		**Expensive dining area**	
Sales Revenue	190 000	Sales Revenue	250 000
Wages	80 000	Wages	110 000
Electricity	10 000	Electricity	10 000
Advertising	10 000	Advertising	20 000
Food costs	60 000	Food costs	90 000
Gross profit	130 000	Gross profit	?
Net profit	30 000	Net profit	?

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Appendix 2

Two job applications for the post of manager of the Riverside Restaurant

Name	Mr J P Miller	Mr N A Nish
Qualifications	8 IGCSEs, 2 A levels, BA Degree in Business Management	5 IGCSEs, 1 A level
Management Experience	2 years as general manager of a small hotel	15 years as restaurant manager
Interests	Golf, football, rugby, tennis, reading	Reading; watching films; helped keep the accounts for a local children's charity
Personal status	Married, 3 children	Single, no children
Number of restaurants at which they have worked	3 restaurants for 6 weeks each as they were holiday jobs	12 different restaurants in 15 years
Preferred management style	Autocratic – believes the manager knows best	Democratic – believes employees should be asked their opinions

Appendix 3

From: Kim (k-smith@gotmail.com)
Sent: 23 October 2010 23:41:47
To: Selina (selina@gotmail.com)
Cc:

Hi Selina

We need to employ a new restaurant manager. We had to sack the last manager as he failed to motivate employees – we do not want someone like him again.

I want someone who is careful with money and will give a good service to the customers. The person needs to come up with ideas of how to increase the number of customers to the restaurant on weekdays.

What do you think?

Kim

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