



Operational Case Study Examination

May-August 2026
Pre-seen material



Context Statement

We are aware that there has been, and remains, a significant amount of change globally. To assist with clarity and fairness, we do not expect students to factor these changes in when responding to, or preparing for, case studies. This pre-seen, and its associated exams (while aiming to reflect real life), are set in a context where current and ongoing global issues have not had an impact.

Remember, marks in the exam will be awarded for valid arguments that are relevant to the question asked. Answers that make relevant references to current affairs will, of course, be marked on their merits.



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Your role

You are a **Finance Officer** working within the Finance Department of **SoPa**. You are principally involved in the preparation of management accounting information and providing information to managers to assist with decision making. At times, you are also expected to assist with the preparation of the financial statements and answer queries regarding financial reporting and other financial matters.

Company background

SoPa operates a chain of restaurants in the country of Zeeland, which is in Europe. The company was founded 10 years ago, in 2016, by husband and wife Paolo and Sofia Perez. The restaurants serve food which is inspired by Latin American street food, elevated to restaurant standard. The currency of Zeeland is **Z\$**.

Both Paolo and Sofia were born and raised in Latin America but came to work in the capital city of Zeeland, Tombor, in the early 2000s. They met in Zeeland in 2006 and married in 2012.

Paolo is a chef. He started his training in Latin America but came to Zeeland when he was 23 to further develop his skills by working in some of the country's best-known restaurants. **Sofia** came to Zeeland at the age of 21. She initially worked as a server but soon worked her way up to **manage front-of-house in two popular restaurants**.

Throughout the early 2010s, Paolo and Sofia continued to work full time in different restaurants but were starting to develop a vision for their own restaurant. They are both passionate about the cuisine of their native Latin America and wanted to bring the flavours and culinary experience of their home countries to Zeeland. They named the restaurant **SoPa**, a combination of Sofia and Paolo.

In 2016, the company was founded and the first restaurant opened in Tombor. The restaurant was a huge success. This can be attributed to the hard work of both Paolo and Sofia in creating a **dining experience that embodied high quality food and beverages**, in a **modern and relaxed setting**, at an **affordable price**.

The second restaurant was opened in 2018 and, by 2023, there were another four restaurants in Tombor. In 2023, Paolo and Sofia decided to expand beyond the capital city and have since opened three restaurants in other major Zeeland cities. There are **currently nine restaurants operating**.

In the last financial year to 31 December 2025, the company had revenue of Z\$41.7 million, a gross profit margin of 32.6% and an operating profit margin of 9.4%. It **employed just over 300 people across its restaurants and head office**. The company is still 100% owned by Paolo and Sofia.

Commented [TCS1]: Roles of a Finance Officer

- Short term focus
- Budgeting
- Variance analysis
- Costing (Digital costing included)
- Working Capital Management
- Short term risk management
- Assist decision making

Commented [TCS2]: SoPa (SP)

- What it does
 - * Operates 9 restaurants
- Based in Zeeland (Z\$)
 - * European country
- History
 - * Founded 10 yrs ago
 - * Owner managed
- Offerings
 - * Latin American street food, elevated to restaurant std.s
- Reputation
 - * High quality F&B
 - * Modern & relaxed setting
 - * Affordability
- Present
 - * 300 employees
 - * 100% owner managed

The restaurant industry

The restaurant industry in Zeeland is highly competitive, especially in the capital city where there is a large and diverse restaurant scene. For the year to 31 December 2025, restaurant revenue in Zeeland was Z\$45 billion.

Many companies in the industry own and operate multiple restaurants, although some companies do operate a single restaurant. Corporate failure is common in the Zeeland restaurant industry and specific reasons for this include:

- Poor customer reviews on food and service leading to a poor reputation.
- Expanding too fast; new restaurants opened with inadequate management teams and insufficient working capital.
- Too much diversity in terms of the food and dining experience leading to confused branding.

Growth in the restaurant industry over the past 3 years has been relatively stagnant at an average of only 3% per year, largely as a result of the following key challenges affecting the industry:

Economic factors

- Low consumer confidence brought about by high interest rates and cost of living concerns arising from inflationary pressures.

Cost pressures

- Cost pressures from food inflation, increases in both property costs and the national minimum wage.

High staff turnover

- Difficulty in recruitment attributed to low wages, long hours and poor working conditions. The labour force is mainly young and transient (many workers consider working in a restaurant as short term).

These industry challenges also contribute towards corporate failure in the industry.

Commented [TCS3]: Restaurant Industry Overview

- Highly competitive
 - * Large no. of diverse restaurants
 - * Many players own multiple rest.s
- Revenue in '25: Z\$45b
- Corporate failure is common
 - * Poor customer reviews
 - * Poor food & service
 - * Expanding too fast
 - + Insufficient management
 - + WCM issues
 - + Diversity in food & experience

Challenges

- Economic
 - * High interest %
 - * High inflation %
 - * High cost of living
- Cost
 - * Food inflation
 - * High property costs
 - * Increasing minimum wage
- Staff
 - * Difficult to recruit
 - + Low wages
 - + Long hours
 - + Poor work conditions

Opportunities

- Embrace tech
 - * Harness power of AI
 - + Menu development
 - + Stock management
 - * Robotics
 - * Kitchens
 - * Front-office
- Better guest experience
 - * Cater dietary requirements
 - * Immersive experience
- Dynamics pricing
 - * Off-peak deals
- People focus
 - * Fair wages
 - * Good work conditions
 - * Team spirit
 - * Job loyalty
- Diversification
 - * Takeaway & home delivery
 - + High growth area



For 2026 and beyond, growth in the industry is expected to increase to around 4.5% per year. Whilst the key challenges noted above still exist, the following are the key opportunities for survival and growth in the industry:

Embrace technology

- Harnessing the power of AI for everything from menu development to inventory management. Utilising robotics in kitchens and front-of-house.

Focus on guest experience

- Creating an unforgettable dining experience, whether that be catering to dietary requirements or creating an immersive experience.

Dynamic pricing

- Providing time sensitive discounts or off-peak meal deals to increase the number of covers and increase occupancy rates.

Invest in people

- Investing in the workforce by providing fair wages and good working conditions as well as engendering team spirit and job loyalty.

Diversification

- Diversifying into takeaway and home delivery services, where growth continues to outpace dining out.

Extract from the SoPa website: **About us**


[Home](#)
[About us](#)
[Menu](#)
[Reviews](#)
[Blog](#)
[Contact](#)

Our Story

We are a husband and wife team from Latin America, united by a passion for sharing the rich culinary heritage of our homeland. Over the years, we have had the privilege of working in kitchens in Latin America and Zeeland. Each experience shaped our vision of what dining can be.





Our Home

After a journey filled with flavours, friendships and faraway places, we found ourselves in Zeeland – a place we now gratefully call home. It is here surrounded by nature and community that we've planted the roots of our restaurants and built **a space that celebrates tradition whilst embracing change.**

Our Food

Our food is grounded in the recipes we grew up with, but elevated with contemporary techniques, **fresh local ingredients** and a deep respect for **sustainability**. We believe in moving our beloved cuisine into the future – refining it, reimagining it and presenting it with the elegance it deserves.

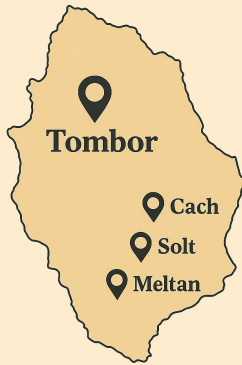


Commented [TCS4]: About SoPa

- Celebrates tradition
- Embraces change
- Use fresh local ingredients
- Believes in sustainability
- Invest on employee wellbeing
- Locations
 - * 6 in Tombor
 - * 3 outside Tombor
- Future
 - * Rooted in heritage
 - * Shaped by experience
 - * Innovation driven

Syllabus Areas Tested

- CGMA cost transformation model
- Digital costing
- CSR & Sustainability
- Ethics
- Non-financial factors in decision making



Our Locations

1. SoPa Tombor, Meridian Ave, Tombor
2. SoPa Mar, Orcan Road, Tombor
3. SoPa Luc, Tan Street, Tombor
4. SoPa Ventuk, Harn Square, Tombor
5. SoPa Eco, Scarlett Square, Tombor
6. SoPa Vern, Gorge Way, Tombor
7. SoPa Cach, Newgol Way, Cach
8. SoPa Solt, The Square, Solt
9. SoPa Mel, Garden Road, Meltan

Our Team

Behind every dish is a team we cherish. Our restaurants are built not just on a passion for food, but on a love for people. **We invest in our employees' wellbeing and growth** because we know an inspired team creates memorable experiences.



Our Future

Our restaurant reflects who we are: **rooted in heritage, shaped by experience, powered by innovation.** We can't wait to welcome you ...

love Paolo & Sofia XX

Restaurant menu



SoPa
RESTAURANT

DRINKS

DRINKS FROM Z\$3 – Z\$15
Alcoholic and alcohol-free drinks and cocktails

HOT DRINKS FROM Z\$4
A variety of national and international hot drinks

Main Street
Tombol
www.SoPa.dab.ac.oi

STARTERS

CEVICHE CLASSICO Z\$13
Fresh sea bass cured in lime juice with red onion, sweet potato and cancha corn

CHICKEN TACOS Z\$10
Pulled chicken marinated in annatto and orange served on soft organic corn tortillas with pickled slaw

BLACK BEAN TOSTADA Z\$9
Crisp corn based topped with smashed beans, smoky chipotle, pickled red onion and cotija cheese

SALADS & SPECIALS Z\$11/Z\$12
Seasonal dishes which change weekly. Please ask your server for details

DESSERTS ALL Z\$9

MOLTEN CARAMEL CAKE Z\$8
Soft centred cake with coconut sorbet

VANILLA QUINOA PUDDING Z\$8
Creamy and topped with roasted pineapple and lime (vegan)

CINAMMON CHURROS WITH SPICED CHOCOLATE Z\$8
Served hot with chilli chocolate dip

ASSORTED ICE CREAM Z\$6

MAINS

CHICKEN WITH CHILLI SAUCE Z\$16
Pan seared chicken bread in creamy yellow chilli sauce, with quinoa pilaf and sauteed greens

COCONUT FISH STEW Z\$19
Central American style fish stew with coconut milk, tomatoes and peppers served with farofa and rice

STEAK CHIMICHURRI Z\$25
Chargrilled steak with chimichurri butter, crispy yucca fries and grilled organic corn

SWEET CORN AND MUSHROOM BAKE Z\$15
Sweetcorn and mushroom baked casserole with paprika, onions and olives (vegetarian)

SPECIAL Z\$21
Seasonal dishes which change weekly. Please ask your server for details

SIDES

TORTILLAS Z\$2
ASSORTED DIPS Z\$3

Commented [TCS5]: Menu

- Drinks: \$3 - \$15
- Starters: \$ 10 - \$13
- Mains: \$15 - \$25
- Desserts: \$6 - \$8
- Sides: \$2 - \$3

Seasonality in Starters & Mains

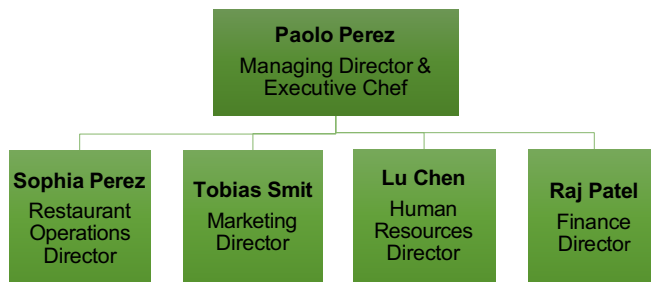
Exam Tip:

You don't need to memorise this; it's just to give you a general overview of what SoPa offers customers.

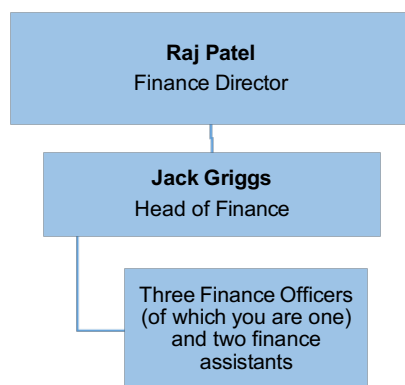


Key management teams

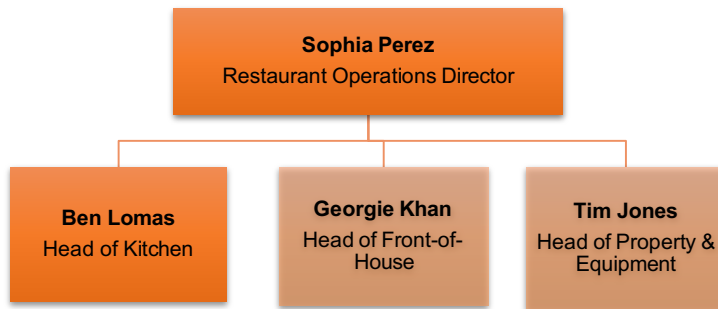
The Directors



Finance Team



Restaurant Operations Team



Commented [TCS6]: Restaurant Ops Team

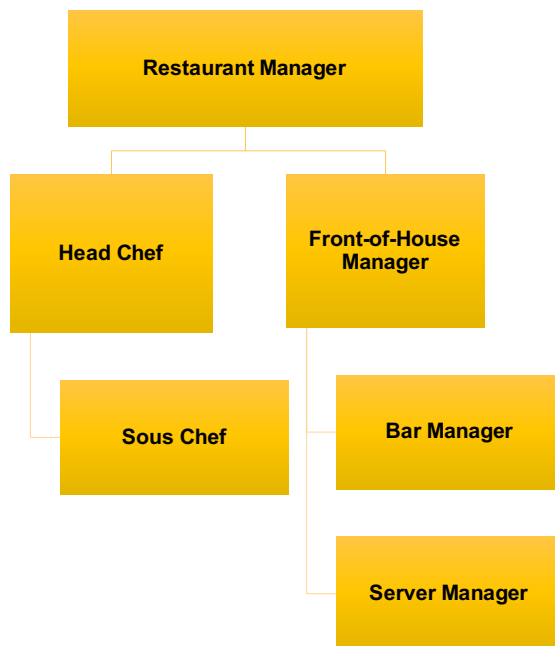
- Based in HO
- Responsible for operating all restaurants
- Areas of Responsibility
 - * Kitchen
 - * Front-of-House (FoH)
 - * P&E

Restaurant management

- * Head Chef
- * Front-of-House
- + Bar
- + Servers

The Restaurant Operations Team has ultimate responsibility for operation of all of the company's restaurants and is based at SoPa Head Office.

Each individual restaurant has the following management structure:



Extract from the SoPa website: Meet the directors



Managing Director & Executive Chef / Paolo Perez

With my many years of experience as a chef and my passion for the authentic cuisine of my homeland, I love nothing more than being in the kitchen developing new dishes to tickle your taste buds.



Restaurant Operations Director / Sofia Perez

With over two decades of experience in the industry, I use my position to oversee restaurant design and training of all front-of-house employees, to give our customers a memorable and consistent dining experience every single time they come to one of our restaurants.



Finance Director / Raj Patel

As my first move from accounting practice to industry, it has been very gratifying to use my existing knowledge and experience of supporting clients in the restaurant industry to support SoPa at this exciting time of growth and development.



Marketing Director / Tobias Smit

I am delighted to be using my 30 years of experience which has been spent driving marketing for some of the largest restaurant chains to support our amazing brand to develop both nationally and internationally.



Human Resources Director / Lu Chen

Having worked in many countries and organisations in the hotel and restaurant industry, I pride myself on developing a positive workplace culture leading talent acquisition and supporting professional growth. I am committed to diversity and innovation to ensure our team thrives.

Commented [TCS7]: Directors

- Experienced
- Future focused
 - * Customer centric
 - * Local & international expansion
 - * Positive work culture
 - + Talent acquisition
 - + Support professional growth
 - + Diversity
 - + Innovation

Probable exam scenario

- Expanding to new markets
 - * Local & international
- Introducing new products
 - * New dishes
 - * Dips
- Embracing AI & Robotics
- Embracing sustainability
- Investing on digital costing systems
- Diversification
 - * Takeaway & home delivery

Syllabus areas tested

- Sustainability & Ethics
- CGMA cost transformation model
- Digital & social media marketing
- Current Vs. Alternative costing systems
- WCM
- Variance Analysis
- IAS 16 PPE
- IFRS 16 Leases
- IFRS 05 NCAHSDO
- Suggesting KPIs
 - * Restaurant ops
 - * Diversification
 - * Non-financial
 - + Customer satisfaction
 - + Innovation
 - + Suppliers
 - + Sustainability
- Benefits of using KPI dashboards
- Forecasting techniques

Other information about SoPa operations

Menu and product development

In his role as Managing Director & Executive Chef, Paolo Perez is responsible for the menu, which is the same for each restaurant. He is based at the Head Office but uses a section of the kitchen in the first SoPa restaurant when he is developing new dishes. He liaises closely with ingredient suppliers to ensure that new dishes deliver the flavours of Latin America, but utilise ingredients and produce that are, as far as possible, sustainably sourced.

The menu always includes SoPa signature dishes, which stay on the menu for a number of months. It also includes specials which change on a weekly basis depending on the ingredients and produce available at that time.

For all new dishes, Paolo creates a detailed recipe with clear instructions for the preparation and cooking of the dish. He also videos himself preparing and cooking the dish, giving verbal instructions. Recipes and videos are sent to the Head Chef of each restaurant to ensure consistency of the dish at each restaurant.

As well as menu development, Paolo is also working on a project to develop a range of SoPa-branded dips to be sold direct to consumers. A small supermarket chain has already expressed an interest in stocking such products. Paolo has just started to consider whether the new products would be made in-house in a small production facility or production would be outsourced.

Commented [TCS8]: Menu & Product Development

- Responsibility lies with CEO, Paolo
 - * Develops new dishes
 - + Creates a recipe & instructions
 - + Creates a video demonstration
 - > Shared with Head Chefs
 - * Develops standardized menus
 - + Signature dishes
 - + Specials which change weekly
 - * Liaises with suppliers
 - + Source locally & sustainably
- New venture: SP branded dips
 - * Sold via a small supermarket
 - * Options:
 - + In-house manufacturing
 - + Outsource

Probable Exam Scenario

- Operational issue
 - * Machine downtime
 - * Idling staff
 - * Bad reviews
- Introduce dips
 - * Make or buy
- Demand forecasting: Seasonal specials

Syllabus areas tested

- Managing risks & uncertainty
- Make or Buy decisions
- Forecasting techniques
 - * Time series
 - * Linear regression
 - * Seasonal variation
 - * Limitations of forecasting techniques
- What if Vs. Sensitivity Analysis
- Variance analysis
- Costing
 - * Marginal Vs. Absorption costing
 - * Current Vs. Alternative costing systems
- Pricing
- Multiple Product BEP
- Adopting AI/ML/robotics in ops
- Handling redundancies ethically
- Suggesting KPIs
 - * Restaurant ops.
 - * Restaurant staff
 - * Suppliers
 - * Customer satisfaction
 - * Retailers



Restaurant operations

As at 30 April 2026, SoPa has nine restaurants operating. Six of these are located in Tombor, the capital city of Zeeland, and the other three in different major Zeeland cities. A tenth restaurant is due to open on 1 July 2026 in a region of Zeeland where SoPa does not currently operate. There are currently no restaurants in countries other than Zeeland, although Paolo has been investigating the possibility of opening a restaurant in Neeland, a neighbouring country to Zeeland. This would be the first venture outside of Zeeland.

Each restaurant has the same menu and the same feel in terms of décor and ambience. There is a common brand across all restaurants.



Commented [TCS9]: Restaurant Ops

- Current
 - * 9 restaurants in Zeeland
 - + 6 in Tombor
 - + 3 in other cities
- Standardized ops in each restaurant
 - * Same menu
 - * Same decor & ambience
- Future
 - * Opening the 10th restaurant
 - + Within Zeeland
 - + Opening on 1st July '26
 - * International expansion: Neeland

Probable exam scenario

- Expansion: Local / International
- Embracing AI, Robotics & ML
- Acquiring/ Leasing new PPE
- Selling old machines

Syllabus areas tested

- Managing risk & uncertainty
 - * Risk attitudes
 - * Payoff tables
 - * Expected values
 - * Standard deviation
 - * Coefficient of variation
 - * Value of perfect info
 - * Limitations of RM tools
- Forecasting techniques
 - * Time series
 - * Linear regression
 - * Seasonal variation
 - * Limitations of forecasting technique
- Costing
 - * Marginal Vs. Absorption costing
 - * Current Vs. Alternative costing
- systems
 - * ABC
- Pricing
 - * Multiple Product BEP
- Acquiring new PPE (IAS 16 PPE)
- Selling old PPE (Revaluations: IAS 16 PPE)
- Accounting for depreciation (IAS 16 PPE)
- Leasing new RoU Assets (IFRS 16 Leases)
- Adopting AI, Robotics in ops
- Handling redundancies ethically
- Suggesting KPIs
 - * Keep track of inefficiencies
 - * Expansion drive
- Short term investment/ financing options



Each restaurant has a **Restaurant Manager** who is **responsible for** the two distinct areas of operation: **kitchen and front-of-house**.

Kitchen	Front-of-house
Includes: ➤ Temperature-controlled ingredient storage ➤ Dedicated food preparation areas ➤ Dedicated cooking areas ➤ A front pass (where the Head Chef checks the food leaving the kitchen)	Includes: ➤ Customer dining tables ➤ Bar area ➤ Front reservation stand
Employees include: ➤ Head Chef (responsible for all food leaving the kitchen) ➤ Sous Chef (deputy to the Head Chef) ➤ Chefs (for preparation and cooking of food) ➤ Kitchen Porters (for dish washing and kitchen cleaning duties)	Employees include: ➤ Front-of-House Manager (ultimately in charge of all aspects of customer service including reservations) ➤ Bar Manager (in charge of the operation of the bar area) ➤ Bartenders (for making beverages) ➤ Server Manager (in charge of servers) ➤ Servers (for taking of orders, delivery of food and beverages to customers, clearing between courses and taking payment from customers)

Each restaurant is open to customers from 12.30pm until 11pm each day, with orders for food taken from 12.30pm until 9.30pm. **Kitchen employees** work either an **early shift** (starting at 8am to prepare for the day ahead) or a **late shift** (starting at 4pm and finishing when the last customer has left, and the kitchen cleaned down). **Front-of house employees** also work either an **early or a late shift**, although start time for an early shift is 11am.

Revenue at each restaurant is driven by the number of covers, where a **cover** is defined as a single customer. Each restaurant has 100 seats and through the day, each seat is expected to be occupied on average 3 times, which means that the **maximum number of covers (customers) per restaurant per day** is expected to be 300. It is also expected that across the year, on average, the **actual level of occupancy will be 85%**.

The **mix of customers** is roughly 60% people who live within the city of the restaurant and 40% people who are visiting the city. There is **significant brand loyalty**, and currently around 70% of customers are returning customers.

Customer feedback is encouraged and a QR code is available on the bill to allow customers to do this. In the **early days**, customer reviews were typically very positive about the food and service with many 4 and 5 star reviews. These early reviews helped to build the reputation of SoPa, which in turn allowed the company to expand into new restaurants. **Over the last year**, customer reviews have become more varied.

Currently, **SoPa does not do any form of home delivery or take out service** from any of its restaurants. At a recent Senior Management Team (SMT) meeting, it was suggested that the **company considering setting up a home delivery service in the capital city, Tombor**. This would necessitate the **setting up of 'ghost kitchen'**, that is a kitchen entirely for the preparation and cooking of home delivery food. The SMT is in the process of considering this.

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Commented [TCS10]: Restaurant Ops (Contd.)

Restaurants management

- Done by a Restaurant Manager (RM)

- Responsibilities of a RM

* Kitchen

+ Temperature controlled storage

+ Food prep areas

+ Cooking areas

+ Front pass (Food checking)

+ Employees

> Head, Sous Chef & Chefs

> Kitchen porters (cleaners)

* Front-of-House

+ Dining tables

+ Bar

+ Reservation stand

+ Employees

> FoH, Bar & Server Managers

> Bartenders & Servers

Shifts

- Open from 12.30 PM to 11 PM

- Kitchen shifts

* Early shift: 8 AM onwards

* Late shift: 4 PM onwards

- FoH shifts

* Early shift: 11 AM onwards

* Late shift: 4 PM onwards

Revenue

- Covers per restaurant: 300

- Actual occupancy: 85% (255)

- Mix

* 60% within the restaurant's city

* 40% visiting the city

Customers

- 70% repeat customers

- Feedback is encouraged via QR codes

* Good reviews in early years

* Last year: varied reviews

Future

- Set up home deliveries via a ghost kitchen in Tombor

Probable exam scenario

- Setting up a ghost kitchen

- Embracing AI, Robotics in ops & service

Syllabus areas tested

- Managing risk & uncertainty

- Forecasting techniques

- Costing

- Pricing

- Acquiring / selling PPE (IAS 16 PPE)

- Accounting for depreciation (IAS 16 PPE)

- Leasing new RoU Assets (IFRS 16 Leases)

- Benefits of adopting AI, Robotics in ops & service

- Handling redundancies ethically

- Suggesting KPIs

* Keep track of restaurant ops

* Ghost kitchen ops

* Customer satisfaction

- Short term investment/ financing options

- Variance analysis

* Planning & Operational

* Sales Mix & Quantity

* Material

* Labour

* VOH & FOH

Ingredients and suppliers

The main ingredient groups are fresh meat, fresh fish, eggs, dairy (including cheese, milk and cream), fresh fruit and vegetables and dry ingredients (such as flour, rice and spices).

No frozen ingredients are purchased. In addition, the company has to regularly buy in restaurant supplies such as napkins, glasses, crockery and cutlery.

The number of suppliers and average supplier credit terms are:

	Number of suppliers	Average supplier credit terms
Fresh meat	3	30 days
Fresh fish	1	15 days
Eggs	2	20 days
Dairy	1	30 days
Fresh fruit and vegetables	4	30 days
Dry ingredients	5	45 days
Restaurant supplies	2	60 days

All restaurants receive supplies direct from suppliers, there is no central storage facility.

Currently, many of the suppliers supply all restaurants. In a bid to reduce food miles, the SMT is now looking into widening the supplier base, so that local suppliers are used for specific restaurants. The SMT is also considering ways to connect more directly with farmers and growers in order to improve the provenance of ingredients. It is even considering whether it would be feasible to set up its own growing operation for salad ingredients, using a vertical farm.

Sustainability

Paolo and Sofia have a personal interest in protecting the environment. However, they recognise that operating a restaurant does have negative impacts on the environment, especially with respect to energy consumption and food waste.

Where possible, they seek to mitigate these impacts by:

- Ensuring that tables and chairs in the restaurant are made from wood that has been sustainably sourced.
- Using napkins and menus that are made from recycled paper and card.
- Ordering fresh ingredients in small amounts to limit wastage as far as possible. This is possible because of the close links that Paolo has developed with suppliers.
- Using, where possible, energy efficient equipment in the kitchens.
- Sourcing electricity from a supplier of green energy.

Commented [TCS11]: Ingredients & Suppliers

Ingredients

- Meat, Fish, Eggs, Dairy, Fruits & vegetables
- Dry (flour, rice, spices)
- Restaurant supplies (napkins, glasses, crockery, cutlery)
- Frozen ingredients are not purchased

Suppliers

- Sourcing method
 - * Single & Multiple
- Payment Terms
 - * Range between 15 to 60 days
- Source directly from suppliers
 - * Lacks central storage
- Future
 - * Widen supplier base
 - * Local sourcing to reduce food miles
 - * Set up a vertical farm

General Analysis

- JIT purchasing pursued
 - * Costly
 - + zero bulk discounts
 - + High order costs
 - + Stock-out risk
 - * Success depends on collaborative relationships
 - * Must pay suppliers on time
 - * Must ensure suppliers stick to SLAs
 - + Quality
 - + Lead times
- Single sourcing increases risks of stock-outs

Probable exam scenario

- Issues with existing supplier/s
- Choosing a new supplier
 - * Financial & non-financial considerations
 - * Issues with the chosen supplier
 - * Discounts vs. sales variances

Syllabus areas tested

- Inventory Management
 - * Aggressive approach
 - * EOQ vs. JIT purchasing
- WCM
- IAS 02 Inventories
- Suggest KPIs: Suppliers

Commented [TCS12]: Sustainability

- To achieve sustainability, SP should;
 - * Reduce energy consumption
 - * Reduce food waste
- Mitigation strategies at SP
 - * Use furniture made of sustainably sourced wood
 - * Use recycled paper & cards
 - * Limit waste by order ingredients in small amounts
 - * Using energy efficient equipment
 - * Sourcing green energy

General Analysis

- No measurable targets (KPIs)
- Cost pressures from green sourcing
- Small orders increase ordering costs

Syllabus areas tested

- CGMA Cost Transformation model
- Suggesting KPIs: Sustainability



Employees

Paolo and Sofia have built a strong Senior Management Team that is based at the company's Head Office located in Tombor, the capital city of Zeeland. This team is supported by junior managers and assistants. The whole team of 30 employees based at Head Office is passionate about food and about creating a fabulous dining experience for customers.

Each restaurant is headed up by a Restaurant Manager, and each has a further 30 employees split as follows:

	Number of employees
Kitchen	16
Bar	3
Other front-of-house	12

From the early days of the company, Paolo and Sofia recognised the importance of a happy workforce. They have always sought to ensure that employees are paid a fair wage, given adequate training and not overworked. As a result, employee morale has been high. However, given the increasing number of restaurants to manage, Paolo and Sofia, alongside the Human Resource Director, are finding it increasingly more difficult to maintain a high level of employee morale across all restaurants.

Commented [TCS13]: Employees

- 30 at HO
- 30 at each restaurant
- HRM Plan
 - * Pay fair wages
 - * Train
 - * Do not overwork employees
 - * Current
 - + Difficult to maintain morale
 - > Too many restaurants to manage

General Analysis

- Kitchen & service staff are overworked?
- Lack of training?
 - * Reviews confirm these findings
- Demotivation = High staff turnover

Syllabus areas tested

- Training cycle
- Suggesting KPIs: HRM

Recent customer reviews for SoPa restaurants

- ★ "I was eager to try SoPa in Solt after all the buzz but left sorely disappointed."
- ★★★★★ "Highly recommended for celebrations or a special night out in Meltan."
- ★★★★ "The seafood stew was packed with flavour, and the local drink selection impressive. There was a minor mix-up with our bill, but it was resolved quickly. Will definitely visit again!"
- ★★★★★ "SoPa's seasonal menu keeps things fresh, and the lamb special was outstanding."
- ★ "The staff seemed overwhelmed, our food arrived cold, and the atmosphere felt more like a cafeteria than the inviting spot I'd hoped for. When we voiced our concerns, we received little more than a shrug. Sadly, I won't be returning."
- ★★★★★ "Would give 6 stars if I could, SoPa Cach is a wonderful balance between sophistication and comfort. I've dined here several times and love it."
- ★★ "My visit to SoPa in Meltan left much to be desired. The restaurant looked promising from the outside, but once inside, it was noisy and cramped. My soup was lukewarm and the main course arrived much later than expected."
- ★★★★★ "Great night. The chef even visited our table to recommend pairings. Every course was a delight, and the house-made desserts are a must-try. Truly a five-star experience!"
- ★★★ "The staff were friendly but seemed stretched too thin during peak hours. Overall, an average experience—worth trying if you're in the area, but not a destination."
- ★★ "The staff were polite, but seemed distracted, and my requests for water went unnoticed. The dessert was decent, but not enough to make up for the rest of the meal."
- ★★★ "As the capital's branch, I expected more from SoPa in Tombor."
- ★★★★★ "The décor was stylish and modern; my meal was amazing and the service excellent. Great night which lived up to the chain's reputation."
- ★★★ "On the bright side, the dessert menu was creative, even if the execution fell flat."
- ★★★ "SoPa in Cach is a mixed bag. The starters were excellent, especially the roasted vegetable salad, but my main course was underwhelming."
- ★★★★ "I had a lovely dinner at SoPa in Solt. The atmosphere was cozy, and our server was attentive and knowledgeable about the menu."
- ★★★★★ "Absolutely fantastic! SoPa's Orcan Road branch exceeded all expectations — from the warm, welcoming staff to the beautifully presented dishes bursting with local Zeeland flavours."

Commented [TCS14]: Customer Reviews

- Mixed
- * Show inconsistencies in ops & service

Strengths

- Good food, desserts & beverages
- Seasonal specials
- Decor: Sophistication & comfort
- Service excellence

Weaknesses

- Billing issues
- Overworked staff
- Bad food
- Bad service & complaint handling
- Issues with atmosphere

General Analysis

- Kitchen & service staff are overworked
- Lack of consistency highlight:
 - * Training issues
 - * Issues with RMs

Syllabus areas tested

- Training cycle
- Suggesting KPIs
- * Performance of RMs
- * Customer satisfaction
- * HRM



Financial statements for the year ended 31 December 2025

Please refer to the Financial Analysis Slides and Video (Preseen Analysis), to gain an in-depth understanding of SoPa's Financial Statements.

SoPa

Statement of profit or loss for the year ended 31 December 2025

	2025 Z\$000	2024 Z\$000
Revenue*	41,680	36,240
Cost of sales	(28,100)	(24,690)
Gross profit	13,580	11,550
Marketing costs	(1,420)	(1,240)
Administrative expenses	(8,240)	(7,560)
Operating profit	3,920	2,750
Finance costs	(350)	(365)
Profit before tax	3,570	2,385
Income tax expense	(902)	(605)
Profit for the year	2,668	1,780

*The average number of restaurants in 2025 was 8.5 and the average number of restaurants in 2024 was 7.5. The company opened a new restaurant on 1 July in each year.



SoPa

Statement of financial position at 31 December 2025

	2025 Z\$000	2025 Z\$000	2024 Z\$000	2024 Z\$000
ASSETS				
Non-current assets				
Property, plant and equipment		11,450		10,340
Current assets				
Inventory	230		214	
Other receivables*	150		165	
Cash and cash equivalents	1,426		1,166	
		1,806		1,545
Total assets		13,256		11,885
EQUITY AND LIABILITIES				
Issued Z\$1 equity share capital		400		400
Share premium		1,200		1,200
Retained earnings		6,028		4,760
Total equity		7,628		6,360
Non-current liabilities				
Bank loan	1,812		1,986	
		1,812		1,986
Current liabilities				
Bank loan	174		174	
Trade payables	1,450		1,310	
Other payables	1,290		1,450	
Tax liability	902		605	
		3,816		3,539
Total equity and liabilities		13,256		11,885

*Credit card payments from customers are typically received into the company bank account the day after the transaction. The amounts outstanding for credit card payments are included as other receivables.



SoPa

Statement of cash flows for the year ended 31 December 2025

	2025 Z\$000	2024 Z\$000
Cash flows from operating activities		
Profit before tax		3,570
Adjustments		
Depreciation of property, plant and equipment	2,320	
Finance costs	350	
Profit on disposal of property, plant and equipment	(25)	
		2,645
Movements in working capital		
Increase in inventory	(16)	
Decrease in other receivables	15	
Decrease in trade and other payables	(20)	
		(21)
Cash generated from operations		6,194
Tax paid		(605)
Interest paid		(350)
Net cash inflow from operating activities		5,239
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,555)	
Proceeds on disposal of property, plant and equipment	150	
Net cash outflow from investing activities		(3,405)
Cash flows from financing activities		
Dividend paid	(1,400)	
Repayment of borrowings	(174)	
Net cash outflow from financing activities		(1,574)
Net increase in cash and cash equivalents		260
Cash and cash equivalents at the start of the year		1,166
Cash and cash equivalents at the end of the year		1,426

Commented [TCS15]: Syllabus area tested
- IAS 07: Cashflow statement
- Managing cash surpluses/shortages



Budget information for the year ending 31 December 2026

Total budgeted gross profit

	Food Z\$000	Beverages Z\$000	Total Z\$000
Revenue	31,711	17,442	49,153
Direct costs	(8,850)	(2,856)	(11,706)
Profit after direct costs	22,861	14,586	37,447
Indirect restaurant running costs			(20,285)
Gross profit			17,162
Profit after direct cost margin	72.1%	83.6%	76.2%
Gross profit margin			34.9%

Total budgeted revenue and direct cost for food

	Starter Z\$000	Main Z\$000	Side Z\$000	Dessert Z\$000	Total Z\$000
Revenue	7,570	17,268	4,361	2,512	31,711
Direct costs	(1,502)	(4,943)	(1,718)	(687)	(8,850)
Profit after direct costs	6,068	12,325	2,643	1,825	22,861
Profit after direct cost margin	80.2%	71.4%	60.6%	72.7%	72.1%

Commented [TCS16]: Financial plan for 2026

Sales

- Expected to grow by 18%
- Growth between '24/'25: 15%

CoS

- Expected to grow by 14%
- Growth between '24/'25: 14%

GP

- Expected to grow by 26%
- Growth between '24/'25: 18%

GP Margin

- Expected GP Margin: 35%
- GP Margin in '25: 33%

Food & Beverages

- Sales split
 - * Food: 65% of TR
 - * Beverages: 35% of TR

General Analysis

- Budgets are marginally higher than '25, except CoS
- Good overall GP margin
- Highest GP Margin: Beverages



Principal budget factor: covers

The principal budget factor for revenue and direct costs is the **number of covers**. A **cover is defined as a single customer**. The budgeted number of covers per year is calculated as follows:

Number of seats available per restaurant	100
Number of times seats filled in a day	3 times
Therefore, maximum number of covers per day per restaurant	300
Number of days restaurant operational	360 days
Budgeted occupancy	85%
Therefore, budgeted number of covers per restaurant per year	91,800
Number of restaurants*	9.5
Therefore, total budgeted number of covers per year	872,100

*This represents nine restaurants operating for a full 12 months and one restaurant operating for 6 months (opening on 1 July 2026).

Each cover (which is a single customer) is expected to order multiple menu items. The percentage of covers having a starter, main and dessert is assumed to be:

	%
Starter	80
Main	100
Dessert	40

In addition, the assumption is that:

- 100% of covers will order both sides (tortillas and dips).
- 100% of covers will have two cold beverages and 50% of covers will also have a hot beverage.

Commented [TCS17]: Principle Budget Factor

- Main limiting factor
- Cover: Single customer
- Budgeted covers p.a: 872,100

Budgeted sales quantity per rest. p.a.

- Starters: 73,440 units
- Mains: 91,800 units
- Sides: 183,600 units
- Desserts: 36,720 units
- Beverages: 229,500 units

Note: You do not need to memorise the budgeted sales quantities for each food & beverage category. The figures are provided only as a summary.



Starters

Standards per starter

	Ceviche Z\$	Tostada Z\$	Taco Z\$	Special Z\$	Salad Z\$
Selling price	13.00	9.00	10.00	12.00	11.00
Ingredient cost	(2.30)	(0.80)	(1.40)	(2.40)	(0.60)
Direct labour cost*	(0.75)	(0.58)	(0.58)	(0.67)	(0.82)
Profit after direct cost	9.95	7.62	8.02	8.93	9.58
Margin	77%	85%	80%	74%	87%

*Direct labour is the cost of the time taken preparing and cooking a starter in the kitchen.

Budgeted revenue

Per restaurant:	Ceviche	Tostada	Taco	Special	Salad	Total
Percentage of covers						80%
Starters per year						73,440
Budgeted mix	20%	20%	30%	15%	15%	100%
Budgeted starters sold	14,688	14,688	22,032	11,016	11,016	73,440
Budgeted revenue (Z\$)	190,944	132,192	220,320	132,192	121,176	796,824
In total:						
Number of restaurants						9.5
Budgeted revenue (Z\$000)						7,570

Budgeted direct costs

Per restaurant:	Ceviche	Tostada	Taco	Special	Salad	Total
Budgeted starters sold	14,688	14,688	22,032	11,016	11,016	73,440
Ingredient cost (Z\$)	33,782	11,750	30,845	26,438	6,610	
Direct labour cost (Z\$)	11,016	8,519	12,779	7,381	9,033	
Total direct costs (Z\$)	44,798	20,269	43,624	33,819	15,643	158,153
In total:						
Number of restaurants						9.5
Budgeted direct costs (Z\$000)						1,502



Mains

Standards per main

	Chicken Z\$	Fish Z\$	Steak Z\$	Veg Z\$	Special Z\$
Selling price	16.00	19.00	25.00	15.00	21.00
Ingredient cost	(3.40)	(3.10)	(5.80)	(1.70)	(5.40)
Direct labour cost*	(1.40)	(1.40)	(1.50)	(1.08)	(1.50)
Profit after direct cost	11.20	14.50	17.70	12.22	14.10
Margin	70%	76%	71%	81%	67%

*Direct labour is the cost of the time taken preparing and cooking a main in the kitchen.

Budgeted revenue

Per restaurant:	Chicken	Fish	Steak	Veg	Special	Total
Percentage of covers						100%
Mains per year						91,800
Budgeted mix	20%	20%	20%	10%	30%	100%
Budgeted mains sold	18,360	18,360	18,360	9,180	27,540	91,800
Budgeted revenue (Z\$)	293,760	348,840	459,000	137,700	578,340	1,817,640
In total:						
Number of restaurants						9.5
Budgeted revenue (Z\$000)						17,268

Budgeted direct costs

Per restaurant:	Chicken	Fish	Steak	Veg	Special	Total
Budgeted mains sold	18,360	18,360	18,360	9,180	27,540	91,800
Ingredient cost (Z\$)	62,424	56,916	106,488	15,606	148,716	390,150
Direct labour cost (Z\$)	25,704	25,704	27,540	9,914	41,310	130,172
Total direct costs (Z\$)	88,128	82,620	134,028	25,520	190,026	520,322
In total:						
Number of restaurants						9.5
Budgeted direct costs (Z\$000)						4,943



Sides and desserts

Standards per side or dessert

	Sides		Desserts	
	Tortillas Z\$	Dips Z\$	Dessert Z\$	Ice-cream Z\$
Selling price	2.00	3.00	8.00	6.00
Ingredient cost	(0.30)	(0.90)	(1.90)	(1.20)
Direct labour cost*	(0.50)	(0.27)	(0.47)	(0.17)
Profit after direct cost	1.20	1.83	5.63	4.63
Margin	60%	61%	70%	77%

*Direct labour is the cost of the time and cooking a side or dessert in the kitchen.

Budgeted revenue

Per restaurant:	Sides			Desserts		
	Tortillas	Dips	Total	Dessert	Ice-cream	Total
Percentage of covers	200%			40%		
Sides/desserts per year	183,600			36,720		
Budgeted mix	50%	50%	100%	60%	40%	100%
Budgeted sides/desserts sold	91,800	91,800	183,600	22,032	14,688	36,720
Budgeted revenue (Z\$)	183,600	275,400	459,000	176,256	88,128	264,384
In total:						
Number of restaurants	9.5			9.5		
Budgeted revenue (Z\$000)	4,361			2,512		

Budgeted direct costs

Per restaurant:	Sides			Desserts		
	Tortillas	Dips	Total	Dessert	Ice-cream	Total
Budgeted sides/desserts sold	91,800	91,800	183,600	22,032	14,688	36,720
Ingredient cost (Z\$)	27,540	82,620	110,160	41,861	17,626	59,487
Direct labour cost (Z\$)	45,900	24,786	70,686	10,355	2,497	12,852
Total direct costs (Z\$)	73,440	107,406	180,846	52,216	20,123	72,339
In total:						
Number of restaurants	9.5			9.5		
Budgeted direct costs (Z\$000)	1,718			687		



Beverages

Standards per beverage

	Cold Z\$	Hot Z\$
Average selling price	9.00	4.00
Average ingredient cost	(1.10)	(0.35)
Average direct labour cost*	(0.30)	(0.60)
Profit after direct cost	7.60	3.05
Margin	84%	76%

*Direct labour is the cost of the time taken preparing a beverage.

Budgeted revenue

Per restaurant:	Cold	Hot	Total
Percentage of covers	200%	50%	
Beverages per year	183,600	45,900	
Budgeted revenue (Z\$)	1,652,400	183,600	1,836,000
In total:			
Number of restaurants			9.5
Budgeted revenue (Z\$000)			17,442

Budgeted direct costs

Per restaurant:	Cold	Hot	Total
Budgeted beverages sold	183,600	45,900	
Ingredient cost (Z\$)	201,960	16,065	218,025
Direct labour cost (Z\$)	55,080	27,540	82,620
Total direct costs (Z\$)	257,040	43,605	300,645
In total:			
Number of restaurants			9.5
Budgeted direct costs (Z\$000)			2,856

Commented [TCS18]: Std. Costing & Budgets

Costing

- Std. marginal costing
- Std.s are updated annually
- Principal cost driver: Covers

Budgeting

- Annual incremental
- * Limited participation (Top-down)

General Analysis

- Std.s may become outdated since they are updated annually. Hence;
- Track changing market dynamics
- Forecast accurately
- Set accurate standards

Syllabus areas tested

- Variance Analysis
 - * Planning & Operational
 - * Cost
 - * Sales
- Alternative costing methods
 - * Absorption costing
 - * ABC
 - * Digital Costing
- Current Vs. alternative costing systems
- Alternatives to incremental budgeting
 - * Participative budgeting
 - * Flexible budgeting
 - * ZBB
 - * ABB
 - * Rolling budgets
 - * Budget stress testing
 - * Beyond budgeting
- Feedback Vs. Feedforward controls
- Responsibility accounting
- Relevant costing
- Pricing

Restaurant running costs

This includes the **cost of all restaurant managers** and **front-of house employees**. It also includes all **premises and equipment costs** such as rent, depreciation, energy and insurance.

It is estimated that **40% of total budgeted restaurant running costs are variable and vary in proportion to the number of covers** and that the rest of the costs are fixed in nature.

For the year ending 31 December 2026, this can be analysed as:

Restaurant running costs	Z\$000
Variable	8,114
Fixed	12,171
Total	20,285

The standard variable cost per cover is therefore Z\$9.30.

Commented [TCS19]: Budgeted Costs (Y.E.

31.12.2026)

- Total costs: \$31,991
- Direct costs: \$11,706 (37% of TC)
- Indirect costs: \$20,285 (63% of TC)
- * VC: 40% of IC (25% of TC)
- * FC: 60% of IC (38% of TC)

Fixed Costs

- Managers' salaries
- Rent
- Depreciation
- Insurance

Semi-Variable Costs

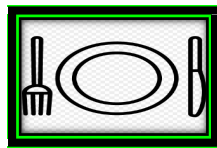
- Front-of-house staff
- * Core staff salaries (F)
- * Flexible/hourly paid staff (V)
- * Overtime (V)
- Energy
- * Base (F)
- * Cooking (V)

Is ABC Suitable?

- OHs are 63% of TC. However:
 - * 40% of OHs vary with covers
 - * FCs are mainly facility sustaining
 - + Rent
 - + Management Salaries
 - + Insurance
- Business is volume-driven (Covers)
- Relatively standardized ops
- Analysis
 - * Full ABC adds limited value to SP
 - * However, ABC can be useful for:
 - + Menu engineering
 - + Identifying underperforming items
 - + Evaluate labour-intensive menu items
 - + Spotting wastage & rework
 - + Channel analysis (dine-in vs delivery)

Probable exam scenario

- Current costing system Vs. ABC
- Adv. and Dis. of adopting ABC
- How to implement ABC within SP



Zeeland Culinary Chronicles

"Exploring Zeeland's gastronomic world one meal at a time"

Our restaurant industry: what is the future?

An examination of challenges and prospects

Written by Audry Dolman

Introduction

The restaurant industry in Zeeland is poised on the brink of transformative change. The sector must navigate myriad challenges while capitalising on emerging opportunities, particularly in the realms of technology and sustainability. This article looks to focus on potential developments that could shape its trajectory.

Current challenges

Staff shortages

One of the most pressing issues facing our restaurant industry is the acute shortage of staff. This shortage has been exacerbated by a combination of factors including demographic shifts, evolving workforce preferences and the impact of the recent global pandemic. The scarcity of trained staff has increased operational pressures, led to higher labour costs, and, in some cases, a decline in service quality.

Potential technological developments

Automation and robotics

To address the staffing crisis, the integration of automation and robotics stands out as one of the most promising solutions. Automated systems for order taking, food preparation and even service can significantly alleviate the burden on human staff. Robotic chefs, capable of preparing complex dishes with precision, and automated servers, designed to deliver food efficiently, are technologies that are already being explored and implemented in various parts of the world. Zeeland's restaurants could benefit immensely from adopting these innovations, enhancing both efficiency and consistency.



An automated server

Commented [TCS20]: The news article includes info about the future of the restaurant industry

Current Challenges

- Staff shortages due to:
 - * Demographic shifts
 - * Changing workforce preferences
 - * Recent pandemic
- Scarcity of trained staff has led to:
 - * Operational pressure
 - * Higher labour costs
 - * Decline in service quality

Solutions

1. Use tech developments

- Automation & Robotics
 - * Automate orders, food prep & service
 - * Higher efficiency & consistency
- AI & ML
 - * AI driven demand forecasting
 - > Better stock management
 - > Reduce waste
 - * AI driven personalized marketing
 - > Bespoke promotions & recommendations
- Digital ordering systems
 - * Streamline the ordering process
 - * Minimize human error
 - * Reduce waiting time

2. Being sustainable

- Eco-friendly practices
 - * Sourcing locally
 - * Vertical farming
 - > Minimizes food waste
 - > Reduces food miles & emissions
- Can attract ESG customers

Probable exam scenario

- Tech investments
 - * Robotics & Automation
 - * Digital ordering system
 - * AI & ML
- Setting up a vertical farm

Syllabus areas tested

- Managing risk & uncertainty
- Forecasting techniques
- Cost of App/ system development
- Digital costing
- Pricing
- Adopting Automation & robotics
- AI & ML in decision making
- Handling redundancies ethically
- Make/Buy decisions
- Suggesting KPIs
 - * Efficiency & effectiveness
 - * Diversification: Vertical farming
 - * Digital ordering system's performance
- Acquiring new PPE (IAS 16 PPE)
- Selling old PPE (Revaluations: IAS 16 PPE)
- Accounting for depreciation (IAS 16 PPE)
- Leasing new RoU Assets (IFRS 16 Leases)
- IFRS 05 NCAHSDO
- IAS 10 EARP

Artificial intelligence and machine learning

Artificial intelligence (AI) and machine learning (ML) are also set to revolutionise the restaurant industry by optimising various aspects of operations. For example, AI-driven analytics can forecast demand, allowing restaurants to manage inventory more effectively and reduce waste. AI-powered personalised marketing can attract and retain customers by offering tailored promotions and recommendations based on their preferences and dining history.

Digital ordering systems

The adoption of digital ordering platforms is also expected to accelerate. These systems not only streamline the ordering process but also minimise human error and reduce waiting times.

Advancements in sustainability

Eco-friendly practices

The future of Zeeland's restaurant industry will also be shaped by the technological advances which are supporting a growing emphasis on sustainability. Eco-friendly practices, such as sourcing locally produced,

organic ingredients from vertical farms and minimising food waste, are becoming increasingly important. Restaurants that prioritise sustainability are likely to resonate more with environmentally conscious consumers, attracting a loyal customer base.



A vertical farm

Conclusion

The restaurant industry in Zeeland is at a pivotal juncture. By embracing technological advancements and committing to sustainable practices, the sector can overcome the current staffing challenges and pave the way for a prosperous and resilient future. The integration of automation, AI and digital solutions will enhance operational efficiency, while eco-friendly initiatives will foster a sustainable and appealing dining environment.



ZEELAND TIMES

Tim talks to ...
Paolo and Sofia Perez,
founders of SoPa

Interviewer: Tim Franklin (TF)

TF: Paolo, can you tell us about your culinary journey and how you ended up in Zeeland?

Paolo Perez (PP): Of course! I started my culinary training in Latin America, where I was born and raised. When I was 23, I moved to Zeeland to further develop my skills by working in some of the best-known restaurants in the country. It was an incredible opportunity to learn from some of the best chefs and gain valuable experience.

TF: Sofia, what brought you to Zeeland and how did you get started in the restaurant industry?

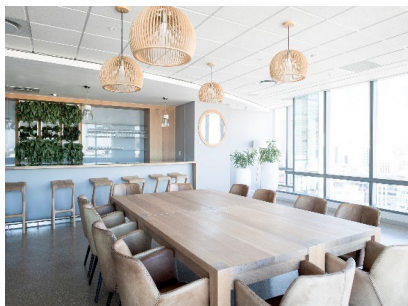
Sofia Perez (SP): I came to Zeeland when I was 21. I initially worked as a server, but I was dedicated and passionate about the industry, so I quickly worked my way up to manage front-of-house in a couple of popular restaurants. It was a great learning experience and helped me understand the dynamics of running a successful restaurant.

TF: How did the idea for SoPa come about?

PP: Throughout the early 2010s, Sofia and I continued to work full time in different restaurants. However, we were always developing a vision for what our own restaurant would be. We are both passionate about the cuisine of our native Latin America and wanted to bring the flavours and culinary experience of our home cities to Zeeland.

TF: What was it like opening the first SoPa restaurant in 2016?

SP: It was an exciting and challenging time. We opened the first restaurant in Tombor and it was a huge success. Our hard work in creating a **dining experience** that embodied **high-quality food and beverages**, in a **modern but relaxed setting**, at an **affordable price**, really paid off. The positive response from our customers was incredibly rewarding.



The interior of SoPa's latest restaurant

TF: How has SoPa grown since then?

PP: We opened our second restaurant in 2018, and by 2023, we had another four restaurants in Tombor. In 2024, we decided to expand beyond the capital and opened two restaurants in other major Zeeland cities. Currently, we have **nine restaurants operating, all with a common brand and menu.**

Commented [TCS21]: The article includes info about SoPa

Ethos

- High quality F&B
- Modern, relaxed setting
- Affordability
- * Ethos achieved by:
 - + Quality & consistency
 - > CEO develops menus
 - > Seasonal specials added to menu each month
 - > Passionate employees

Future

- Expand to other Zeeland cities
- Expand internationally
- Sell dips, sauces & meal kits
- Start a delivery service
- Set up a ghost kitchen
- Set up a vertical farm

Probable exam scenario

- Expanding locally & internationally
- Expanding the product range
- Develop a delivery app
- Investments
 - * Ghost kitchen
 - * Vertical farm

Syllabus areas tested

- Acquiring new PPE (IAS 16 PPE)
- Accounting for depreciation (IAS 16 PPE)
- Leasing new RoU Assets (IFRS 16 Leases)
- Transfer pricing & taxation
- Managing risk & uncertainty
- Forecasting techniques
- Costing methods (incl. digital)
- Pricing methods
- Costs of app development
- Costs of quality
- Environmental costing
- Multi Product BEP
- Linear programming
- What if Vs. Sensitivity analysis
- Make/Buy decisions
 - * Expansion drive
 - * App performance

TF: What are some of the key factors that have contributed to SoPa's success?

SP: One of the key factors is our commitment to quality and consistency. Paolo oversees menu developments and we make changes every month, although we have certain signature dishes that remain consistent. We also have a passionate team of employees at each restaurant location, including head chefs and restaurant managers who ensure the smooth operation of the kitchen and front-of-house.

TF: What are your plans for the future of SoPa?

SP: We have ambitious plans to continue growing the company by opening new restaurants in other Zeeland cities and considering expansion internationally. We also plan to start retailing our own brand of dips and possibly sauces and meal kits in the future. We also want to start a delivery service and strengthen the sustainability of our supply chain by setting up our own vertical farm utilising growing pods.

TF: What is your advice for aspiring restaurateurs?

PP: Follow your passion and stay true to your roots. It's essential to maintain authenticity and quality in everything you do. Be prepared for hard work and challenges, but don't be afraid to take risks and innovate. Building a strong team and creating a great dining experience for your customers is key to success.

TF: Thank you both for sharing your journey and insights with us.

SP & PP: Thank you, Tim. It was a pleasure talking to you.



Range of produce used in SoPa's menu

Module notes: Sustainability in hospitality

Chapter 2 - Vertical farming and the future of sustainable dining

Introduction

Due to the **rising costs of food and transport** as well as **supply chain disruption** due to climate and other geopolitical instability, restaurants are considering innovative ways to serve fresh, sustainable quality meals consistently whilst **minimising cost**. One answer that is becoming more popular is vertical farming.

What is vertical farming?

Vertical farms grow crops in growing pods, usually indoors, using systems like hydroponics or aquaponics (growing systems based on fluids rather than soil). Figure 1 shows the elements in a hydroponic growing pod system. **Each growing pod contains several individual hydroponic trays that are stacked vertically**. The growing pods operate within a **closed environmental system**, ensuring **plants thrive year-round**, whatever the weather outside.

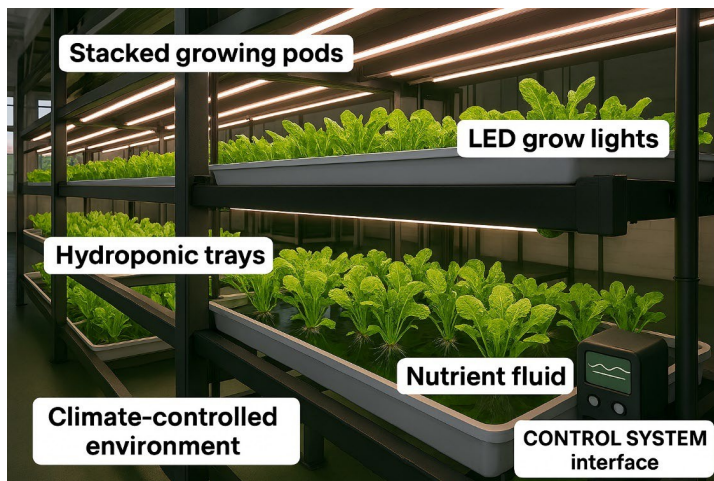


Figure 1 The components of a hydroponic vertical farm

Why are restaurants embracing vertical farms?

Restaurants are turning to vertical farms for three main reasons:

- **Freshness and flavour**: Crops such as edible flowers, herbs and lettuces can be harvested minutes before plating, arriving with the end customer at peak taste, texture, and nutrition.
- **Supply chain resilience**: Growing near to end users in a controlled environment **reduces reliance on long haul logistics** and **protects from climate disruptions and market volatility**.
- **Brand differentiation**: Such crops can be brand differentiators especially when sustainability is an important component of a brand.

Commented [TCS22]: The article includes info about the **Vertical Farming**.

Why vertical farming?

- Freshness & flavour
- Supply chain resilience
 - * Reduced food miles
 - * Protected from climate disruptions
 - * Protected from market volatility
- Brand differentiation
 - * Organic
 - * Pesticide free
 - * Sustainable

Benefits

- 98% less water consumption
- More food per m2
- Lesser emissions
 - * Powered by renewable energy
 - * zero transport emissions
- Pesticides free

Should consider

- Startup costs
- Crop selection
 - * Fast growth, high margin crops preferred
- Staff training

Syllabus areas tested

- Acquiring or selling PPE (IAS 16 PPE)
- Accounting for depreciation (IAS 16 PPE)
- Leasing new RoU Assets (IFRS 16 Leases)
- Managing risk & uncertainty
- Forecasting techniques
- Costing methods (incl. digital)
- Variance analysis
- Pricing methods
- Environmental costing
- Multi Product BEP
- Linear programming
- What if Vs. Sensitivity analysis
- Decision Trees
- Make/Buy decisions

Sustainability benefits

There are also distinct sustainability advantages to such growing systems:

- **Water efficiency:** Up to **98% less water** used due to closed-loop recycling.
- **Land conservation:** Growing vertically means **more food per square meter** leading to less pressure on farmland.
- **Reduced emissions:** **Renewable energy is often used to run systems** and local production means limited or **no transport emissions**.
- **Pesticides:** Controlled environments mean **no requirement for pesticides**.

Other considerations when setting up a vertical farm

- **Startup Costs:** Equipment, such as **growing pods can be expensive** although they are becoming cheaper.
- **Crop Selection:** **Fast growing high margin crops are more suitable** for this method.
- **Staff Training:** Teams may require training to learn how to monitor nutrients and manage harvesting cycles.

Conclusion

In all types of hospitality venue, vertical farming is redefining what “local” means. Whilst it won't replace traditional agriculture, vertical farming can be a powerful tool for those who want to grow smarter, greener and closer to home.

Tax regime in Zeeland

- The **corporate income tax** rate to be applied to taxable profits is **25%**.
- Unless otherwise stated below, **accounting rules on recognition and measurement are followed for tax purposes**.
- The following expenses are **not allowable for tax** purposes:
 - accounting depreciation
 - amortisation
 - impairment charges
 - entertaining expenditure
 - donations to political parties
 - taxes paid to other public bodies
- **Tax depreciation** allowances are available on **all items of plant and equipment (including computer equipment)** at a rate of **25% per year on a reducing balance basis**. **A full year's allowance is available in the year that the asset is acquired**. Tax depreciation allowances are **not available for property assets**.
- **Tax losses** can be **carried forward indefinitely to offset against future taxable profits from the same business**.
- **Sales tax** is charged on all standard rated goods and services at a rate of **20%**. **Tax paid on inputs into a business can be netted off against the tax charged on outputs** from that business. All businesses are required to pay over the net amount due on a monthly basis.

Commented [TCS23]: Taxation

- In line with standard taxation procedures
- Sales tax: 20%
- Corporate income tax: 25%
- Tax depreciation: 25% RBM

Syllabus areas tested

- General taxation
- Capital gains tax
- International taxation



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