

Exam Short 2023 | Vegano

Specification Reference 3.3.2 (Investment Appraisal)

Extract A

Vegano

Vegano is a 100% vegan café located in the centre of Newcastle. According to Mintel, the market for vegan and plant based food in the UK is growing, and the UK is officially the world leader in vegan food launches. Thanks to initiatives like Veganuary, there has been a sharp rise in the number of people opting for meat free alternatives.

A recent survey shows over 2% of Brits are vegan, around 1,100,000 people. The survey also revealed that by the end of 2022, this number is set to double, increasing the vegan population to around 2,200,000. This, combined with massive growth in the number of people who want to eat less meat, makes the market for plant based food extremely attractive

Given the projected growth in the vegan and plant based market, the owners of Vegano are considering opening a second café in Newcastle, and the owners are considering using investment appraisal techniques to assess the viability of the second café.

- 1** Assess the likely limitations of using investment appraisal techniques to Vegano when deciding whether to open the second café.

(10 marks)

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