



## Context – Caygill Group Hotels Ltd

Caygill Group Hotels Ltd (CGH Ltd) is a private limited company that owns 20 hotels in the United Kingdom. It is owned by the Caygill family with Jessica Caygill as the Managing Director. Other members of the family work in the business. These include Peter Caygill, Financial Director who is responsible for all financial matters including the final accounts, Simon Dalkin the Sales and Marketing Director, Laura Brown the Human Resources (Personnel) Director and Jenny Caygill the Administration/ICT Director.

CGH Ltd hotels are near airports and in the centre of towns and cities. Their guests consist mainly of tourists or business people working in the area for short periods. Jas Hopkins is the Manager of the CGH Ltd hotel in London. This hotel, with 120 bedrooms, is typical of other hotels in the Caygill chain and employs permanent and temporary staff. Guests use the hotel facilities, which include:

- a bar and restaurant
- a fitness and leisure centre with a swimming pool
- a small business centre
- car parking.

At present, all CGH Ltd hotels are not full with guests. Simon Dalkin has carried out some research and, after consultation, the directors of CGH Ltd have come up with the following plans to increase turnover:

- employ a person to improve the Internet website which is out-of-date and basic
- review the company's current marketing strategy, in particular future promotional campaigns
- improve the quality of service offered by all staff at CGH Ltd
- set up a membership scheme for people not staying at CGH Ltd hotels to use the hotels' fitness and leisure centre facilities.



**Answer ALL questions.**

**1.** CGH Ltd has a reputation for offering a quality service. The directors of CGH Ltd realise the importance of offering this service to customers.

(a) (i) State what is meant by a 'quality service'.

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(ii) Suggest why it is important to offer a quality service to customers.

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As businesses like CGH Ltd expand, they start to benefit from economies of scale.

(b) (i) How might **TWO** economies of scale benefit CGH Ltd?

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When companies like CGH Ltd get too big, however, they start to suffer from diseconomies of scale.

(ii) How might **TWO** diseconomies of scale affect CGH Ltd?

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**(Total 20 marks)**

**Q1**  

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2. One of the roles of Peter Caygill is to prepare CGH Ltd’s final accounts. Part of the Trading and Profit and Loss Account is shown below.

	2007	2006
	£	£
Sales revenue	2 035 900	2 144 100
Cost of sales	487 180	471 702
Gross profit	1 548 720	1 672 398
Expenses/overheads	1 099 592	1 120 507
Net profit	449 128	551 891

$$\text{(Net profit ratio} = \frac{\text{Net profit}}{\text{Sales}} \times 100)$$

(a) (i) Calculate the net profit ratio for both years.

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(ii) Using the above information and your calculations, assess CGH Ltd’s performance in 2006 against 2007.

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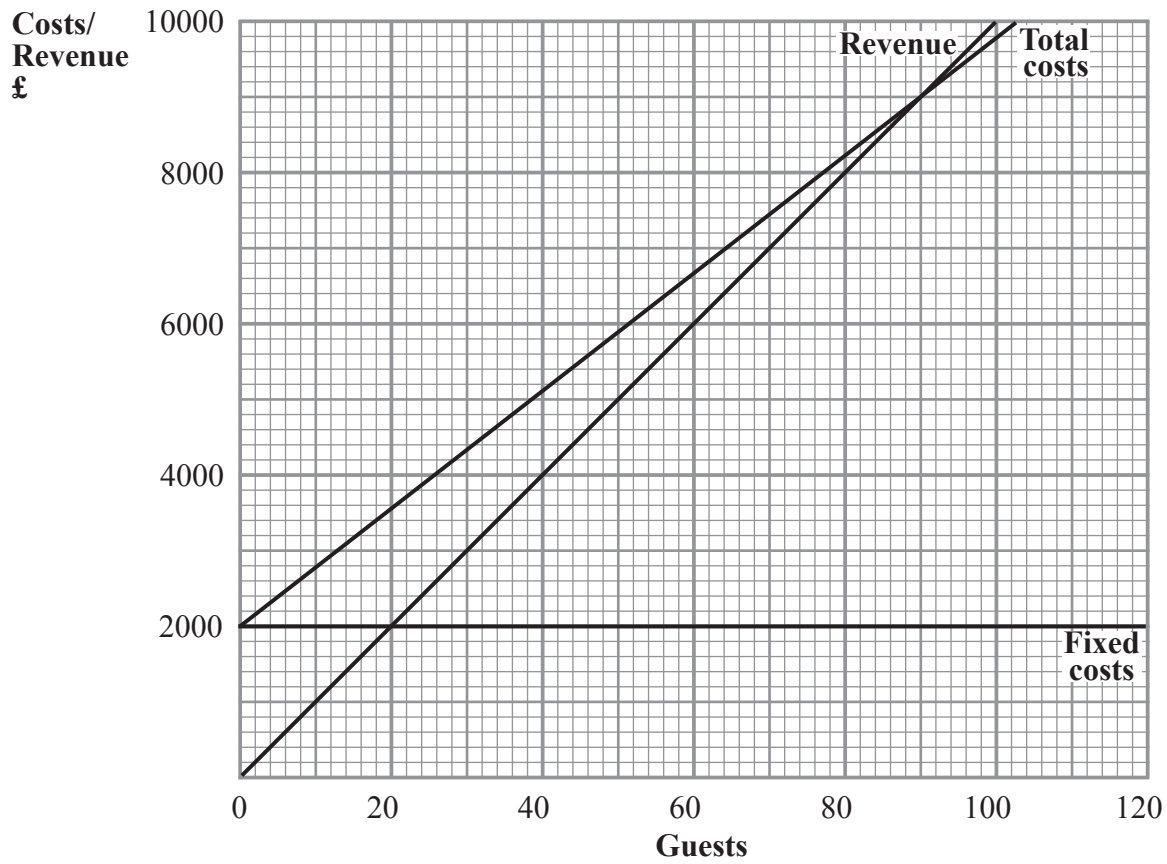
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Jas Hopkins, the hotel manager, needs to know the minimum number of guests staying each day in order to cover total costs. He uses a break even chart to do this.

**CGH Ltd London Hotel – Daily Guest Break even Chart**



(b) (i) On the above chart, label the break even point.

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(1)

(ii) How many guests does CGH Ltd need to break even?

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(1)







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3. Laura Brown is the Human Resources (Personnel) Director. Much of the work of this department involves:

- recruitment and selection of staff
- motivation of staff.

(a) (i) State **TWO** steps that an applicant has to go through when applying for an advertised job vacancy.

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Once appointed, employees are invited for induction training.

(ii) Explain **TWO** benefits of induction training to CGH Ltd.

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Welfare is concerned with the physical well-being of staff at CGH Ltd.

(b) Describe how CGH Ltd might care for the well-being of its staff.

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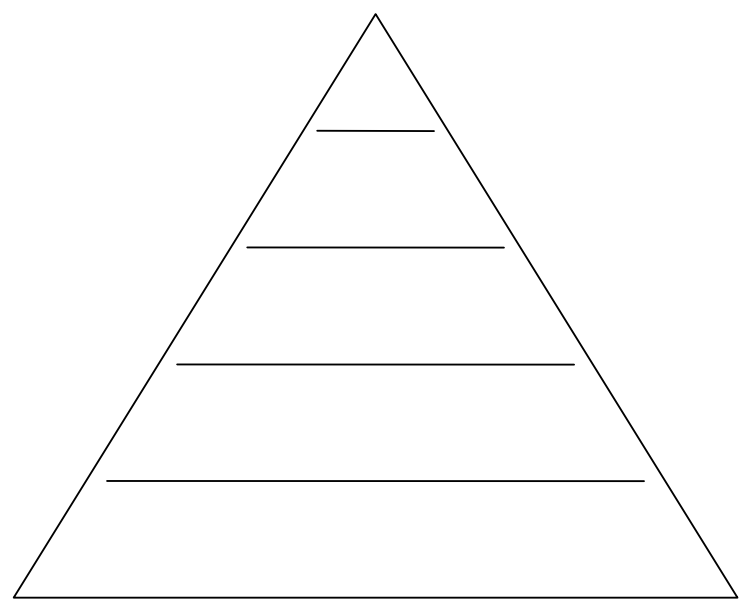
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Maslow's hierarchy

(c) (i) Identify **TWO** needs in Maslow's hierarchy.

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4. Stephen Adams is an ICT specialist and has been appointed to improve the CGH Ltd website.

(a) (i) List **FOUR** improvements he could make to the existing website.

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(ii) Analyse the advantages to CGH Ltd of an improved website.

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5. Before the directors of CGH Ltd decided on their future plans they considered the research carried out by Simon Dalkin.

(a) Analyse the benefits to CGH Ltd of market research.

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One of the plans of the directors was to improve CGH Ltd's promotional campaigns.

(b) Discuss the aims of a promotional campaign.

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**(Total 20 marks)**

**Q5**

**Quality of Written Communication: 5 marks**

**TOTAL FOR PAPER: 105 MARKS**

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