Centre No.			Paper Reference Surname In						Initial(s)		
Candidate No.			1	5	0	3	/	0	2	Signature	·
		r Reference									Examiner's use only

1503/02

Edexcel GCSE

Business Studies

Paper 2H

Higher Tier

Tuesday 10 June 2008 – Afternoon

Time: 2 hours

Materials required for examination	Items included with question papers
Vil	Nil

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Instru	ctions	TO	Can	ata	ates

In the boxes above, write your centre number, candidate number, your surname, initial(s) and

Check that you have the correct question paper.

Answer ALL the questions. Write your answers in the spaces provided in this question paper. Do not use pencil. Use blue or black ink.

Information for Candidates

The marks for individual questions and the parts of questions are shown in round brackets: e.g. (2).

There are 5 questions in this question paper. The total mark for this paper is 105.

There are 20 pages in this question paper. Any blank pages are indicated.

There are 5 marks for the quality of written communication.

You may not use a dictionary.

You may use a calculator.

Advice to Candidates

You are reminded that you will be assessed on the quality of written communication. Remember to show all stages in any calculations and to state the units.

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Question Number	Leave Blank
1	
2	
3	
4	
5	

Turn over

OWC

Total



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.			d has a reputation for offering a quality service. The directors of CGH Ltd realise ortance of offering this service to customers.
	(a)	(i)	State what is meant by a 'quality service'.
			(2)
		(ii)	Suggest why it is important to offer a quality service to customers.
			(6)



3

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? **(6)** Leave blank

(11)	How might TWO diseconomies of scale affect CGH Ltd?
	(6
	(Total 20 marks)



Turn over

5

(2)

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

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

(a)	(i)	Calculate 1	the net	profit ratio	for	both years.
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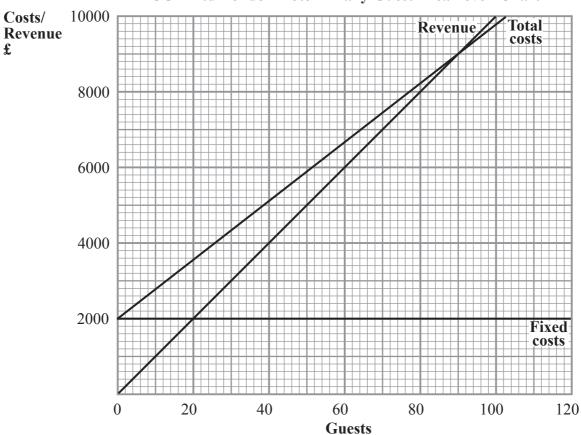
(ii) Using the above information and your calculations, assess CGH Ltd's performance in 2006 against 2007.

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 	 •••••	•••••

		•••••					 		 •••••	 	
•••••		•••••	•••••		•••••	•••••	 ••••••	•••••	 	 •••••	 •••••
•••••	•••••	•••••	•••••	•••••	•••••		 •••••		 	 	 (8)

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.





(b) (i)	On the above chart, label the break even point.	
		(1)
(ii)	How many guests does CGH Ltd need to break even?	

ii) How many guests does Co	GH Ltd need to break even?	
	(1))

	(1
(iv) D	iscuss the benefits of using break even.
•••	
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	(7
	(Total 20 marks



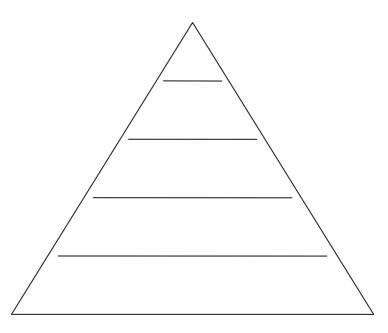
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blank	

		Frown is the Human Resources (Personnel) Director. Much of the work of this ent involves:
•	recr	ruitment and selection of staff
•	mot	tivation of staff.
(a)	(i)	State TWO steps that an applicant has to go through when applying for an advertised job vacancy.
		(2)
	Onc	ce appointed, employees are invited for induction training.
	(ii)	Explain TWO benefits of induction training to CGH Ltd.
		(6)
	dep	• recri • mot (a) (i) Once



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. **(4)**

Leave blank



Maslow's hierarchy

(c) (i)	Identify TWO needs in Maslow's hierarchy.
	(2)

12

	Leave blank
(ii) Discuss the benefits to CGH Ltd of having well-motivated employees.	
(6)	Q3
(Total 20 marks)	ĺ ľ



13

a) (i)	List FOUR improvements he could make to the existing website.
() ()	
	(4)
(ii)	Analyse the advantages to CGH Ltd of an improved website.
, ,	

blank CGH Ltd is a family-owned and family-run private limited company. (b) Discuss the advantages and disadvantages to the Caygill family of this type of ownership. (10)**Q**4 (Total 20 marks)



15

Leave

Leave blank 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. **(8)**

Discuss the aims of a promotional	campaign.
2.00 mile of a promover.	
	(12)
	(Total 20 marks)
	Quality of Written Communication: 5 marks
	TOTAL FOR PAPER: 105 MARKS



