

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- employ a person to improve the Internet website which is out-of-date and basic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.



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Answer ALL the questions.

1. *CGH Ltd*'s London hotel has recently been extended and improved. Some new bedrooms have been built. A bank loan was used to finance this work. Existing bedrooms have been redecorated. A bank overdraft was used to finance this work.

(a) Describe **TWO** differences between a bank loan and a bank overdraft.

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(4)

CGH Ltd has used part of its bank loan to buy more assets for the hotel.

(b) (i) Give **TWO** examples of fixed assets that *CGH Ltd* will own.

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(2)

(ii) Give **TWO** examples of current assets that *CGH Ltd* will own.

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(2)



CGH Ltd employs cleaners to clean the bedrooms and other areas of the hotel. Jenny, the Administration Director, has supplied the cleaners with new floor polishing machines because she believes the new machines will increase cleaners' productivity. Previously the cleaners polished the floors by hand.

(b) (i) What is meant by 'productivity'?

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(2)

(ii) How could Jenny measure the productivity of the cleaners?

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(iii) Assess whether using the new floor polishing machines is likely to increase the cleaners' productivity.

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(4)

(Total 15 marks)

Q2



3. At present, most people who want to stay in a *CGH Ltd* hotel book their bedroom by telephone. The directors now plan to offer a lower price if people book through the website.

(a) To what extent is the plan to use this lower-price strategy for website bookings likely to benefit *CGH Ltd*?

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(6)

The directors of *CGH Ltd* plan to set up a membership scheme for people not staying at its hotels to use their fitness and leisure centre facilities.

(b) (i) Show how **TWO** methods of primary market research could help the directors of *CGH Ltd* decide whether to carry out this plan.

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