Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

BUSINESS STUDIES **0450/23**

Paper 2 **October/November 2014**

INSERT

1 hour 45 minutes

1951803878-I

READ THESE INSTRUCTIONS FIRST

This Insert contains the case study material.
Anything the candidate writes on this Insert will not be marked.

The syllabus is approved for use in England, Wales and Northern Ireland as a Cambridge International Level 1/Level 2 Certificate.

This document consists of **3** printed pages and **1** blank page.

DC (HB (PK)) 79756/2
© UCLES 2014

Marrat Hotels

Marrat Hotels was set up 25 years ago and is a private limited company. It owns 40 hotels in different countries. There are 5 hotels in country X. Each hotel in the Marrat group has its own financial accounts, but the Head Office buys all furniture and kitchen equipment for the hotels.

Ben manages one of the hotels in the main tourist area of country X. Some of the hotel's cash outflows are the same throughout the year, but the costs of food and some wages increase during the tourist season. The tourist season is from November to May.

Ben wants the hotel redecorated but is not sure of the best method to finance this. The hotel has 100 rooms, a restaurant and a reception area.

Appendix 1

Cash flow forecast for Ben's hotel in 2015
$000

	March	April	May	June	July	August
Cash inflows:						
Room sales	175	175	175	50	50	50
Restaurant sales	250	250	250	50	50	50
Total cash in	425	425	425	100	100	100
Cash outflows:						
Wages	250	250	250	130	130	130
Variable costs	75	75	75	50	50	50
Fixed costs	50	50	50	50	50	50
Total cash out	375	375	375	230	230	230
Net cash flow	50	50	50	(130)	(130)	(130)
Opening balance	100	150	200	250	120	(10)
Closing balance	150	200	250	120	(10)	(140)

Note: the numbers in brackets are negative.

© UCLES 2014

Appendix 2

Quotation for hotel redecoration

Hotel rooms –	
Painting costs per room	$200
New carpets per room	$200
Restaurant area –	
Painting	$1 000
New flooring	$3 000
Reception area –	
Painting	$2 000
New flooring	$4 000

Appendix 3

Daily News August 2014

The Government has reported that the number of foreign tourists travelling into country X has fallen this year. This year's fall was due to a recession in many of the countries where the tourists come from. Economic growth is starting to increase and the number of tourists is expected to rise in 2015. We expect a continuing growth in the demand for hotel rooms during the tourist season over the next few years as consumers' income levels rise.

A recent trend is for businesses to hold their meetings in hotel rooms when only a few people need to meet. This is much cheaper for the businesses than renting rooms in conference centres which hold a large number of people. This is an excellent opportunity for hotels to increase their income not only from the room rental but also from restaurant meals.

© UCLES 2014

BLANK PAGE

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

Cambridge International Examinations is part of the Cambridge Assessment Group. Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.

© UCLES 2014