

# Business: sole proprietorship and hotel

[Business](#)



SIS dents may skip questions where indicated. Answer the questions on a separate document, either typed or neatly written. Double space using 12 point type and number/label clearly. I would suggest that you keep a copy to study from if you intend to study over Carnival. Your MOCK Exam for both SSL and HAL on this pre-seen case (Paper 1) is scheduled for Tuesday, March 11 at 1: 00 pm. Your Paper Two exam is Thursday 13 March at 8: 30 am. Due Dates for Study Guide: Part One: Friday, Feb. 21 at class time Part Two: Tuesday, Feb. 25 at class time Part Three: Friday, Feb. 28 at class time

Each section is worth a total of 30 points, for a total of 90 points (formative assessment) 28-30 points 25 - 27 points 22- 24 points 19- 21 points 16- 18 points on Time \* Excellent Spelling & Grammar \* All questions attempted. \* Very Comprehensive Answers. Late and/or \* Very good Spelling & Grammar \* All but a couple questions attempted. \*Comprehensive Answers. Few minor errors with spelling & grammar \* Almost all questions attempted. \* Some significant errors with spelling and grammar. \* Most questions attempted. \*Major errors with spelling and grammar. \* Many questions not attempted. Very short responses to questions.

Assignments turned in one day late, regardless of reason, will be bumped down to next grade category. NO assignments accepted more than one day late. If you are absent, I will accept email submissions. You may use up to ONE 'BEEP for this three- Part One 1 . Clearly explain the difference between the primary sector, secondary sector, tertiary sector and quaternary sector. In which sector is the Imperial engaged? Primary Production: Activities, which involve the extraction of raw materials from the earth and the growing

offood. Secondary Production: Activities such as manufacturing which transform raw materials into finished goods.

Tertiary Production: The activities that involve the provision of services.

Quaternary Production: TechnologyThe difference between them is that each sector has a little bit more to offer. Some businesses are there especially for certain aspects. For example: AKA, the car business takes raw materials and creates the car parts needed. Then, the factory assembles the parts then, they are brought down to curaçao. Lastly, sold with given service. The imperial lies in the Tertiary Production because it's a hotel and it revises service to its guests to satisfy there needs and wants. 2.

Explain the meaning of the expression " diversify investments" (line 3) diversified investment is when you've bought many different kinds of assets, such as stock, bonds, and commodities. 3. What is the purpose of a cash flow statement? The Cash Flow statements purpose is to help control and monitor the flow of cash in the business. There are both advantages and disadvantages. Them being: Identifying the timing of cash shortages and surpluses, supporting applications for funding, enhancing the planning process and monitoring cash flow. 4. Explain the concept of " liquidity management". Line 5) Liquidity Management has activities within a financial institution to ensure that holding of liquid assets are sufficient to meet its obligations as they fall, due to unexpected transactions. 5- THERE IS NO #5 6 The hotel was originally operated by Roger who was a sole trader. AAA. Define the term " sole trader". (line 5) A sole proprietorship which is also known as a sole trader or simply a proprietorship, it is a type of business

entity that is owned and run by one individual in which there is no legal distinction between owner and the business. B.

What is the main disadvantage of being a sole trader? The main disadvantages of being a sole trader are: Unlimited liability Money is often owners savings They tend to be small and lack sufficient collateral Independence Illness can stop business activity from taking place The business may rely on the ability and drive of one person. Advantages of being a sole trader. 1 . Lack of legal restrictions c. List two holidays when he or she may want. 7. What is the major legal difference between a sole trader and a corporation? A corporation has limited liability and a sole trader as unlimited liability. . Why did the ownership of the hotel change frequently between 1950 and the asses? The ownership of the hotel changed frequently because the situation would turn violent, in 1959 Rogers son and heir Jeff Williams, decided to sell all the family properties in Kenya including the Imperial. It was bought and sold several times. 9. In 1989, GAP purchased the hotel. They set up a subsidiary private limited company. AAA. What is a subsidiary? (2 marks) A company controlled by a holding company. B. Identify two characteristics associated with a private limited company. (2 marks) 1.

It has an independent legal existence. 2. It is relatively less difficult to organize and operate it as it has been exemplified from many regulations and restrictions to which a public limited company is subjected too. 10. GAP is a described as symbol of the new globalizes world. AAA. Why do you think they say this? They say this because GAP has shareholders that were from the United States, Japan and South Korea. Gaps relationship to the hotel was "  
<https://assignbuster.com/business-sole-proprietorship-and-hotel/>

Hands-off': GAP did not want to be involved in the daily management of the hotel operations, preferring to have a manager on site. B. Define the term globalization. The worldwide movement toward economic, financial trade, and communications 11. Gaps relationship with the hotel was "hands off" - What does integration. This mean? Hands off= GAP didn't want to get or be involved in the daily management of the hotel operations; they preferred to have someone on site that was able to see everything. 12. What was the primary responsibility for the hotel manager? Primary responsibility of hotel manager is to manage and see if everything is running smooth and in order.

Break Even Analysis (SIS may skip this question) AAA. Define the following terms: Break Even Point Break Even Analysis Margin of Safety bib. Break-Even Analysis Create your own hypothetical example to demonstrate your understanding of break- even analysis. Ensure the example has a hotel context, using number of guests or occupied rooms as the output. Identify fixed and variable costs that would be associated with a hotel. Create both a table and a graph. On the graph, show the BEEP, the margin of safety, total costs, fixed costs, and total revenue.

Use fictitious numbers that you create yourself. 14. In 2009 a new manager was appointed: Martin Smiths. Outline his Journey/experience in becoming manager of the hotel. SIS may skip) 15. Why did GAP like Martin's background? GAP liked Martin's background because he was Kenya(African) decent, and at the same time he was westernizes. 16. What did employees of the Imperial think of Martin? Do you think this was a fair assessment? Most of the employees at the Imperial thought that Martin was way to westernizes consideration his way of working as one of the main points. 7.

<https://assignbuster.com/business-sole-proprietorship-and-hotel/>

Martin's job was based on performance related pay. (line 45) Define the term performance-related pay in the context of the hotel manager position.

Performance-related pay is that the hotel manager financial reward is monetary is related to how their performance is relative to a criteria. 18

Explain 5 other remuneration strategies. Outline one advantage and one disadvantage associated with each. (SIS may skip) 19. What long term

problems did the Imperial face? (SIS may skip) 20. The market share of the Imperial was shrinking.

Define the term " market shares Market share is a term used to describe the proportion of a particular market that is held by a business, product, a brand or a number of business products.  $\text{SALES OF BUSINESS} / \text{TOTAL SALES IN THE MARKET} * 100$  21. What financial constraints did Martin face that made it

difficult to stay nominative? Martin had to design and implement strategies with the liquidity problems. He also had to organize the preparation of final GAP accounts. The Imperial looks very old fashioned compared to all the other hotels in the area.

Martin was only given a budget each year that he could use to improve the hotel and make renovations. 22. Martin consulted a range of data from the Kenya bureau of statistics and other secondary sources. What are secondary sources? Secondary Sources are given information that oneself did not collect. Someone else collected the information and you are using it. 23.

Define the term primary sources. The original place where something originated. 24. If the hotel were to conduct primary research, what type of research would be appropriate? Recommend two different methodologies, with two different populations. (SIS may skip) 25 Martin constructed a "

<https://assignbuster.com/business-sole-proprietorship-and-hotel/>

market audit" and a position map. Define the term " market audit" Market Audit is an analysis of the internal and external factors, which may affect a business performance. 26. Construct a position map for the hotel industry in Curaçao. (Identify 6 different hotels in different star/ group categories) 27. What did Martin identify from the market audit and position map? After conducting the marketing map, Martin realized that they could attract new types of travelers. The ones interested in safaris and in cultural tourism. 28.

Martin had found that managing the working capital sometimes proved difficult because of the seasonality of hotel operations. Define the term " working capital" The capital of a business that is used in its day-to-day trading operations, calculated as:  $CURRENT\ ASSETS - CURRENT\ LIABILITIES$  29. Explain how seasonality of the hotel industry can impact on operations. When the hotel is in high season the hotel may need to higher more employees to be able to produce the right amount of revive for the customers. They may also need to change the amount of food that they usually serve.

Depending on the amount of costumers you may need to higher the amount. During the low season for the hotel industry the hotel may need to lay off some people. Due to this then they may need to adapt their food amounts again so less food and other services. Cash flow problems. Line 64- had problems to follow its month-by-month budget Lines 66-67- the accountant suggested that the hotel used other profit centers for the hotel and restaurants. 31. Martin's accountant recommended that the hotel use operate profit centers for the hotel itself. Explain the concept of profit centers and give an example. SIS may skip) 32. Give two examples of non-  
<https://assignbuster.com/business-sole-proprietorship-and-hotel/>

revenue producing departments. (SIS may skip) (The case study has one) 33. What are the final accounts? (SIS may skip) AAA. List all the headings (in the correct order) for the profit and loss statement. (SIS may skip) bib. List all the headings (in the correct order) for the balance sheet. (SIS may skip) Try to do this activity without referring to notes. It's good practice! 35. Martin is accountable to GAP for the financial performance of the Imperial. What does it mean to be accountable? (SIS may skip) 36. What stock problems does the catering department face? (SIS may skip) 37. Draw a traditional stock control diagram for the restaurant. (SIS and SSL skip) Create your own hypothetical numbers. 38. Why do you think it would be difficult to make the appropriate calculations of closing stock value? (SIS and SSL skip) 39. If the hotel wanted to maximize profits, would you recommend LIFO or FIFO for stock control purposes? (SIS and SSL skip) 40. Explain why there is conflict between Martin and Susan Chapman - the Head of Housekeeping. Susan was very jealous that Martin got the manager position instead of her. 41.

Compare and contrast the leadership styles of Martin and Susan. Susan had an autocratic leadership style, and Martin had a Laissez-faire leadership style. Because Martin had that leadership style it makes it a lot more friendly and pleasant for his employees to work in. The employees have quite some freedom and they can set their own goals. With Susan's leadership style the employees may feel neglected because they have little freedom and barely any reason to be able to say something. 42. What leadership style is most appropriate for this type of hotel? Justify your opinion?

In my opinion the one that fits best for this hotel would be democratic style because this is the way employees have structured orders but they at the <https://assignbuster.com/business-sole-proprietorship-and-hotel/>



same time still have a say in what they are doing. They can come up with ideas and this benefits both the employee and the manager. On the other hand with an autocratic leadership everything is strict, exact rules have to be followed and the employees have some say but pretty limited. 43. Define the following terms in a leadership context: Task Oriented Leader= A task-oriented leader is someone who gets things done and is therefore more likely to be effective.

Bureaucracy = A system of distinguished by its clear hierarchy, division of labor. Written and inflexible rules, regulations, and procedures and flexible relationships. Formal Accountability= The obligation of an individual or organization to account for its activities, accept responsibility for them. It also includes responsibility for money or other entrusted property. Chain of Command= In order in which authority and power in an organization is wielded and delegated from top management to every employee at every level of the Scientific approach to decision making= Laissez-fairer Leadership Style=" to leave alone".

In this style the manager gives employee considerable freedom in how they do their work. Employees can set their own goals, make their own decisions, and resolve problems as they see it. Empowerment = A management practice of sharing information, rewards, and power with employees so they can take initiative and make decisions to solve their problems and improve service and performance. Delegation= Sharing or transfer of authority and the associated responsibility, from an employee or superior to an employee or subordinate. 44. Describe Suntan's relationship with employees she supervised.

<https://assignbuster.com/business-sole-proprietorship-and-hotel/>

Susan is really demanding and forced her employees and she never accepted human mistakes. She wanted everything to always be perfect. How did this intensify when she was not appointed manager? 45. The employees perceived Susan as being as having an autocratic leadership style 46. The employees used networks of informal communication when talking about Susan. Explain the concept of " networks of informal communication" A casual form of information sharing typically used in personal conversations with friends or family members. It may be called a grapevine.

Give two examples of what could be considered the opposite to " networks of informal communication" 47. What change in leadership did Martin recommend for Susan? Why was she reluctant to listen? 48. What was the hotel's reputation for house-keeping? It has one of the highest standards. 49. Susan dismissed one employee (Gutting) for repeated absenteeism In your opinion what is an accepted level of absenteeism for employees? If the employee does not give the direct reason for what sickness then he/she has a certain level of absenteeism. 50.

How did the other employees respond to the sacking (firing) of Gutting? The employees wanted to go on strike. 51. Why was Martin worried about potential strike action? The potential strike meant that they would most probably take in in December. This meant that the imperial would reach its annual profit. 52. Define the meaning of the words highlighted in bold in this sentence (SIS skip) He realized that the collective action was giving the employees a sense of solidarity that had never been displayed before. 53. Explain why the strike action would be empowering for the employees?

With a strike the employees have power over what happens with them. They are able to discuss things and they now have a saying. 54. What does Martin mean when he says: "He wanted to channel their frustrations towards constructive ends" With this I think he means that he wanted to use their frustration as a way to see exactly what the problem was, and how they could make solutions for the future. 55. If you were Personally, I would talk to the employees and see and try to see how you can fix with the problem is and how you can make it easier for the employees.

Part Two of Study Guide 56. Martin had to address the long term external issues facing the Imperial because of changes in the external environment. List three forces / factors from the external environment forcing the Imperial to hang. Changes for the Imperial Option 1: 57. Martin believed that hotel has reached its decline phase of the product life cycle. What are the different stages associated with the product life cycle? 2 Option 58. With option 2, explain why the fixed costs and variable costs would be lower? 9. What impact would this option have on housekeeping requirements? Option 3 60. Option 3, involves a strategic alliance. What are strategic alliances and why are they important? Explain the meaning of the words in bold in this sentence: 61. The owner and manager of Keenness was Oakum Ongoing - a spontaneous, yeoman and charismatic Kenya who had many networks and contacts and intuitively knew market trends, even without market research. Evaluation of the 3 Options 62.