

Name: _____

13. Revenue and costs

Mark: /14

1. A hotel in Cumbria has 20 rooms. Each room costs £125 per night for Bed & Breakfast. What is the maximum sales revenue the hotel can make from room bookings in one night? /1 mark

2. In July it puts prices up to £150 per night. On average the hotel is at 95% capacity for the whole month. What is the sales turnover in July? /3 marks

3. The hotel's annual revenue this year was £675 000. What is the average revenue per month? /1 mark

4. Variable costs are £18 per person per night. This year they accommodated a total of 10 800 overnight stays. Fixed costs were £300 000. What was the total cost? /3 marks

5. What was the profit made by the hotel? /2 marks

6. The owner has set an objective to increase profit by 5% per year for each of the next three years. If they achieve this objective what will be the profit in three years' time? /4 marks

What are the advantages to the hotel manager of setting SMART objectives?