



TROIA HOTEIS¹

Account Analysis

Troia Hotels is a resort area that is particularly busy from mid May through mid September (<http://www.troiahotels.com/>).

The firm was clearly insolvent and creditors forced the firm to go to a formal bankruptcy process in 1993. The Commercial Court appointed a Trustee for representing the interests of the creditors. The Trustee was interested in analysing the fixed and variable costs to more accurately estimate the break even-analysis and understanding the economic gap required for vitalising the firm.

How would you classify the following type of costs?

1. Depreciation of buildings and equipments
2. Salaries of administrative staff
3. Salaries of kitchen and restaurant staff
4. Salaries of receptionist staff
5. Salaries of cleaning staff
6. Laundry
7. Soap, shampoo and other toiletries in the rooms
8. F&B (Food and Beverage)
9. Energy
10. Garden and beaches maintenance

Discuss advantages and disadvantages of this method.

¹ Prepared by João C. Neves, HEC Paris, 2004