

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

CHUKA & EMBU

SECOND YEAR EXAMINATION FOR THE AWARD OF DIPLOMA
IN TOURISM AND HOSPITALITY MANAGEMENT

DTHM 0261: INTRODUCTION TO COSTING IN HOSPITALITY AND TOURISM

STREAMS: DTHM (Y2S1)

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 07/8/2019

2.30 P.M. – 4.30 P.M.

INSTRUCTIONS:

- Answer ALL questions in section A and any TWO in section B
- Do not write anything on the question paper

SECTION A (30 MARKS)

1. Define the following as used in hospitality costing:
 - (i) Cost [2 marks]
 - (ii) Cost control [2 marks]
2. A menu forms the basis of cost control in food service outlets. Explain [4 marks]
3. Briefly explain the control measures in purchasing of food and beverages. [4 marks]
4. Explain the important considerations in maintaining the quality of stored food and beverages. [4 marks]
5. Briefly describe any two control standards in the production of food and beverages. [4 marks]
6. Describe the two methods in determining a menu item cost. [4 marks]

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7. Briefly explain how you would control food and beverage revenues in a restaurant.

[6

marks]

SECTION B (40 MARKS)

8. (a) The financial records of a fast food unit in a chain revealed the following figures (in shillings) for the January 2019. Determine the food cost percent for the month.

[12

marks]

(i)	Opening inventory	81,875
(ii)	Purchases	135,545
(iii)	Closing inventory	43,650
(iv)	Cooking liquor	19,000
(v)	Transfer to other units	24,500
(vi)	Steward sales	15,000
(vii)	Food to bar	17,500
(viii)	Transfer from other units	22,750
(ix)	Gratis to bar	20,000
(x)	Employee meals	28,965
(xi)	Total sales	506,895

(b) You have been given the task of catering for a wedding function with 250 guests to be served. The menu includes beef stew and chicken. The chicken is to be prepared in form chicken breast and legs. At least 100 portions of chicken are required. The beef is to be served in portions of 200 grams with atleast 150 portions required. Raw beef is available with an average yield of 85%. Average price per piece of chicken is shillings 500 and a kilo of meat shillings 400. Determine the pieces of chicken and kilograms of meat required and respective portion costs.

[8 marks]

9. (a) A restaurant uses cans of crushed tomatoes as one of the many food items. The inventory records for the month of May reveal the following (amount in shilling):

- (i) Opening inventory on the 1st of the month: 10 cans @99
- (ii) Purchased on the 7th of the month: 24 cans @ 97
- (iii) Purchased on the 15th of the month: 12 cans @ 96

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(iv) Purchased on the 26th of the month: 12 cans @ 94.50

A physical inventory on the 31st of the month showed that 20 cans remain in stock. Determine the cost of closing inventory if the restaurant follows either FIFO or LIFO methods of stock valuation. [12 marks]

(b) Describe how as a restaurant manager you would control the production volume to avoid either overproduction or underproduction of food in the kitchen.

[8 marks]

10. (a) Discuss four reasons why it is important to have an effective cost control in a food service operation. [10 marks]

(b) Discuss five principles of an effective cost control system in hospitality businesses. [10 marks]
