

CHUKA



UNIVERSITY

UNIVERSITY SUPPLEMENTARY/SPECIAL EXAMINATIONS.

FOURTH YEAR EXAMINATION FOR THE AWARD OF BACHELOR OF SCIENCE
IN TOURISM AND HOSPITALITY MANAGEMENT.

BTHM 431: HOTEL COSTING AND COST CONTROL

STREAMS: BTHM Y4S1

TIME: 2 HOURS

DAY/DATE: THURSDAY 26/07/2018

8.30 A.M - 10.30 A.M

INSTRUCTIONS:

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

SECTION A

1. Explain four ways in which theft or fraud can occur in a hotel bar. [4 Marks]
2. Briefly explain how overproduction or underproduction in food operation can be controlled or avoided. [4 Marks]
3. Briefly explain the significance of break-even analysis in food service operations. [4 Marks]
4. Briefly explain the control measures of purchasing food & beverage supplies. [6 Marks]
5. Explain four methods of stock valuation in food & beverage operations. [4 Marks]
6. Explain the main considerations in issuing food and beverage items. [4 Marks]
7. Briefly explain the two main approaches in control of beverage revenues. [4 Marks]

SECTION B:

8. Discuss the principles of internal control for restaurant operations. [20 Marks]
9. (a) The following figures were obtained from the financial records of a unit in a small chain of restaurants.

(i) Purchases	\$ 68,543.36
(ii) Promotional Expense	\$ 81.17

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(iii) Closing inventory	\$ 20,943.71
(iv) Gratis to bar	\$ 58.73
(v) Transfers from other units	\$ 637.38
(vi) Food to bar	\$ 296.35
(vii) Opening inventory	\$ 22,687.40
(viii) Transfers to other unit	\$ 784.29
(ix) Cooking liquor	\$ 543.18

In addition, the restaurant provided meals to the staff for which cost was as follows;
Executives: \$1,833.75 sales value; average food cost percent for the period was 31.0 percent.
Other staff meals (at cost): 1,422 breakfasts @ \$0.55; 1,208 lunches @ \$0.80; 1,012 dinners @ \$1.05.

Determine the total cost of staff meals, cost of food sold, total sales for the period and gross profit margin. [12 Marks]

(b) Discuss the considerations in stores control for food & beverage operations. [8 Marks]

10. (a) The estimated fixed costs for a vacant food series facility with a capacity of 500 covers are shillings 150,000 per month. You have been given the task of determining the opportunity to open a steak house. You estimate that menu items will sell for approximately shillings 480 per cover. The average unit variable cost of product and labour costs combines are estimated at shillings 240. At present, based on the performance of similar steak house in the locality, you feel certain that the market for this steak house is 75 covers per day. The steak house can only operate Monday through Friday. Determine if the steak house can break-even and if it is possible for the steak house to make an average profit margin of shillings 100 per menu item. [12 Marks]

(b) Briefly explain the considerations in receiving control in food service operations. [8 Marks]
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