

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

FOURTH YEAR EXAMINATION FOR THE AWARD OF DEGREE
OF BACHELOR OF HOTEL MANAGEMENT

BCHM 421: APPLIED COSTING IN HOTELS

STREAMS: BCHM (Y4S1)

TIME: 2 HOURS

DAY/DATE: MONDAY 06/04/2020

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. A food menu and drink list provides the foundation for cost and revenue control in food and beverage service establishments. Explain [6 marks]
2. Briefly explain the controls when purchasing food and beverage supplies [6 marks]
3. Briefly explain any four ways fraud may occur in hotel bars. [6 marks]
4. Briefly explain how you would regulate food production volume to minimize wastage [6 marks]

5. Briefly explain four methods of stock valuation in food and beverage operations [6 marks]

SECTION B (30 MARKS)

6. The success of a hospitality operation is dependent on an effective control system. Using relevant illustrations, discuss this statement [20 marks]

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7. (a) Unnecessary food and beverage costs may arise from poor stores controls. In reference this statement. Discuss relevant standard procedures and practices for food and beverage outlets.

[8 marks]

(b) The following figures were obtained from the financial records of a budget hotel restaurant (amounts in shillings). The standard food cost percent for the restaurant is set at 301.5. Determine the food cost percent for the month and comment in light of the expected cost percent

[12 marks]

i.	Purchases	368,543
ii.	Closing inventory	208,900
iii.	Gratis to bar	11,508
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iv.	Food to bar	42,096
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v.	Opening inventory	185,840
vi.	Transfers to other unit	87,084
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vi.	Cooking liquor	20,543
i.		
vi.	Transfers from other units	73,637
ii.		
ix.	Promotional expense	10,081
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In addition the restaurant provided meals to the staff; executives; 178,733 sales value; average food cost percent for the period was 31.0 percent. Other staff meals (at cost): 422 breakfasts @ sh 85; 208 lunches sh 110; 112 dinners@ sh 120.

8. (a) The estimated fixed costs for a vacant food service facility with a capacity of 400 covers are shillings 160,000 per month. You have been given the task of determining the opportunity to open a steak house. You estimate that many items will sell for approximately shillings 540 per cover. The average unit variable cost of product and labor costs combined are estimated at shillings 270. At present, based on the performance of similar steak houses in the locality you feel certain that the market for this steak house is 81 covers per day. The steak house can only operate Monday through Friday. Determine if the

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steak house can break even and
an average profit margin of shillings

if it is possible for the steak house to make
100 per menu item.

[10 marks]

(b) Discuss how you would develop a revenue control system for your newly open restaurant operation. [10 marks]
