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**FACULTY OF BUSINESS, COMPUTER SCIENCE AND COMMUNICATION STUDIES
HOTEL MANAGEMENT
END OF SEMESTER EXAMINATION
SEPTEMBER - DECEMBER 2021/2022 SEMESTER
FOOD AND BEVERAGE COST CONTROL
LIMURU - REGULAR**

DATE: DECEMBER 2021

TIME: 2 HOURS

INSTRUCTIONS: ATTEMPT QUESTION ONE AND ANY OTHER TWO QUESTIONS

QUESTION ONE

- a) The chef has presented to you for pricing, a new Easter table dhôte menu whose total ingredient cost per portion is Kshs. 1,250. If your desired food cost is 28% and the applicable taxes are at 27%, determine the menu selling price. **(3 Marks)**
- b) There are many ways in which an unscrupulous person can successfully defraud an operation. List any **Three** receiving pitfalls. **(3 Marks)**
- c) Outline the control process utilized by a food and beverage operation. **(4 Marks)**
- d) Differentiate between variable cost and semi-variable cost providing examples of each and use diagrams to illustrate. **(4 Marks)**
- e) In order to make meaningful decisions about the future, a manager must look ahead. One way to look ahead is to prepare budgets or forecasts. Briefly explain the term 'budgeting' and state any **Two** reasons that highlight the main purpose of budgeting. **(3 Marks)**
- f) Explain the following types of costs providing examples from the hospitality industry: **(4 Marks)**
 - i. Sunk cost
 - ii. Opportunity cost
 - iii. Prime cost
 - iv. Standard cost

- g) The Pearl Restaurant purchases case-lots of hamburger bags for all its drive-in restaurants in the city. Normal sales of hamburgers would require 1000 cases of bags per year. The carrying cost of the inventory is 15 percent of inventory value. The purchase cost per case or unit is Kshs. 12 and the fixed cost of placing an order is Kshs. 8. Calculate the economic order quantity (EOQ). **(4 Marks)**
- h) A restaurant named Food Garden, has a set menu at a fixed price of Kshs. 1000 per customer/cover. In a particular month, the meal sales are between 6,000 and 9,000 Units. The Variable costs is Kshs. 1,200,000 and the fixed cost is Kshs. 1,600,000. If the restaurant sells 8,500 units, calculate: **(5 Marks)**
- Contribution margin
 - Contribution margin ratio
 - Net profit

QUESTION TWO

- a) The operational phase of the food and beverage cycle has **five** main stages of control. Outline these stages and state **Two** measures of control that should be taken at each stage. **(8 Marks)**
- b) Food and beverage control tends to be more difficult than the control of materials in other industries. Discuss the problems in Food & Beverage Control. **(7 Marks)**
- c) State **Five** controllable factors that may affect the profitability of any food and beverage business. **(5 Marks)**

QUESTION THREE

- a) Determine the storage process of beverages in a cellar/bar and specify the ideal storage temperatures for the following: **(7 Marks)**
- Red wine
 - Champagne
 - Bottled beer
- b) The control of beverage sales is based on various calculations which have to be made to establish the potential sales values. Explain **Three** factors to consider during these calculations. **(6 Marks)**
- c) State and explain any **Four** sources of supply that may be used when purchasing beverages. **(7 Marks)**

QUESTION FOUR

- a) Explain **Eight** factors responsible for food loss in the production and service cycle. **(8 Marks)**
- b) Outline **Four** advantages of a standard recipe and state **Three** ways customer fraud may be prevented. **(7 Marks)**
- c) Briefly explain how the break even analysis may be used in decision making and list **Three** actions that could be taken to reduce the cost of labour in a food and beverage business. **(5 Marks)**

QUESTION FIVE

- a) Discuss the role or use of technology to ensure cost control in housekeeping. **(8 Marks)**
- b) A double room had an average room rate of Kshs. 8,800 the first year, Kshs. 8,500 in Year 2, Kshs. 9,200 in Year 3, and Kshs. 9,600 in Year 4. Establish a trend index using Year 1 as the base year. **(4 Marks)**
- c) Results from the analysis of sales of menu items may be categorized into four. Discuss. **(8 Marks)**

End of Exam.