

**CHUKA**



**UNIVERSITY**

## **UNIVERSITY EXAMINATIONS**

### **FOURTH YEAR EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF SCIENCE IN TOURISM AND HOSPITALITY MANAGEMENT**

**BTHM 431: HOTEL COSTING AND COST CONTROL**

**STREAMS: BCHM Y4S1**

**TIME: 2 HOURS**

**DAY/DATE: MONDAY 4/12/2017**

**8.30 A.M – 10.30 A.M**

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#### **INSTRUCTIONS:**

- **Answer all questions in section A and any two in section B**
- **Do not write anything on the question paper**

#### **SECTION A(30MARKS)**

1. Briefly explain four ways in which fraud by staff may occur in bars. [4marks]
2. Briefly explain how overproduction in commercial kitchens can be controlled. [4marks]
3. Explain the significance of break-even analysis in food service operations. [4marks]
4. Briefly explain the control measures for purchasing food & beverage supplies. [6marks]
5. Explain four methods of stock valuation in food and beverage operations. [4marks]
6. Explain the main considerations in issuing food and beverage items. [4marks]
7. Briefly explain the two main approaches in control of beverage revenues. [4marks]

#### **SECTION B (40MARKS)**

8. Discuss the principles of internal controls for restaurant operations. [20marks]

9. (a) The following figures were obtained from the financial records of a unit in a small chain of restaurants (amounts in shillings)

(i) Purchases	268,543
(ii) Promotional expense	1,081
(iii) Closing inventory	80,900
(iv) Gratis to bar	1,508
(v) Transfers from other units	13,637
(vi) Food to bar	12,096
(vii) Opening inventory	85,840
(viii) Transfer to other unit	17,084
(ix) Cooking liquor	2,543

In addition the restaurant provided meals to the staff executive :\$78,733 sales value; average food percent for the period was 31. 0 percent. Other staff meals (at cost) 422 breakfasts @ ksh 55;208 lunches ksh 80;112 dinners @ ksh 90. Determine the total cost of staff meals, cost of food sold, total sales for the period and gross profit margin.

[12marks]

- (b) Discuss the considerations in stores control for food and beverage operations.

[8marks]

10. (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 menu items will sell for approximately shillings 540 per cover. The average unit variable cost of product and labor 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 whether the steak house can break even and whether it is possible for the steak house to make an average profit margin of shillings 100 per menu item.

[12marks]

- (b) Briefly explain the considerations in receiving control in food service operation.

[8marks]