



**SCHOOL OF HOSPITALITY
FINAL EXAMINATION**

Student ID (in Figures) :

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Student ID (in Words) : _____

Subject Code & Name : **BHM1309 Food and Beverage Revenue Management**
Semester & Year : May - August 2016
Lecturer/Examiner : Ronald Willie Binati
Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 3 parts:
 - PART A (20 marks) : 20 multiple choice questions. Answers are to be shaded in the Multiple Choice Answer Sheet provided.**
 - PART B (60 marks) : Answer all FIVE (5) questions. Answers are to be written in the Answer Booklet provided.**
 - PART C (20 marks) : Answer ONE (1) Question. Answers are to be written in the Table provided in the Question paper.**
2. Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
4. Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.

WARNING: The University Examination Board (UEB) of BERJAYA University College of Hospitality regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College of Hospitality.

Total Number of pages = 11 (Including the cover page)

PART B : SHORT ANSWER AND CALCULATION QUESTIONS (60 MARKS)

INSTRUCTION(S) : FIVE (5) questions. Answer ALL questions in the Answer booklet(s) provided.

1. Briefly describe the **FOUR (4)** major categories of expenses in a foodservice operation:-
(12 marks)

2. Suresh is the Food and Beverage Director for a mid-size hotel in a beach destination area. The General Manager of the hotel has given Suresh a target of 10% profit for this year. Mike’s staff is predominately his beach buddies. Although he is good at controlling most of his costs, he has a hard time telling his friends to go home when business slows down and he needs to reduce his staff. If he doesn’t make his profit goal, his general manager will likely reprimand him, and he could possibly lose his job.
 - a. Express Suresh’s expenses and profit as a percentage of total revenue, both this year and last year, to determine if he met his profit goal (fill in all empty blanks). (8 marks)
Answers are to be written in the table provided while the calculation should be done in your answer sheet provided.

	This Year (RM)	%	Last Year (RM)	%
Revenue	1,448,956		1,094,276	
F&B Expense	463,666			35%
Labor Expense	652,030			40%
Other Expense		<u>15%</u>	<u>186,027</u>	
Total Expense				
Profit				8%

- b. Was Mike effective at controlling his expenses? Did he meet the profit goal set by the General Manager? If not, what could Mike do in the future to help him make his target profit?
(2 marks)

3. Some foodservice professionals feel the best way to improve profits is to reduce costs. Others feel increasing revenue is the best way to increase profits.
- a. Name and briefly explain **FOUR (4)** specific steps a manager can take to reduce current costs. (4 marks)
- b. Name and briefly explain **FOUR (4)** specific steps a manager can take to increase revenues. (8 marks)
4. Farah is developing next year's foodservice budget for her cafe operation. She is hoping to slightly increase the food selling price to help her pay for anticipated increases in employee benefits. Complete the chart below to help Farah determine the amount employee benefits can increase and still allow her to show a budget surplus; at what level of employee benefit cost increase will Farah have a "break-even" budget? How much would her surplus / deficit be if benefits increase by 20%?. Calculate and fill in the shaded column. (10 marks)

Answers are to be written in the table provided

Descriptions	Current Budget (RM)	Budget with Employee Benefits Increases		
		10% Increase	15% Increase	20% Increase
Revenue	7,000,000	7,000,000	7,000,000	7,000,000
Cost of Food	2,095,000	2,095,000	2,095,000	2,095,000
Cost of Payroll	3,700,000	3,700,000	3,700,000	3,700,000
Cost of Employee Benefits	700,000			
Other Expenses	400,000	400,000	400,000	400,000
Total Costs	6,895,000			
Budget Surplus / Deficit	105,000			

(1 mark each)

Farah will have a "break-even" budget at a _____ increase in employee benefits. If benefits increase by _____, Farah will have a deficit of RM _____.

(1 mark)

5. Jana Foster is the General Manager for a new restaurant in the Changkat Restaurant Chain. This new facility is located in a beachfront resort town and sales there are excellent. The problem according to Jana's Regional Manager is that the new operation is consistently operating at a beverage cost percentage higher than the company average. Jana's Regional Manager has flown to Jana's town to see why her beverage cost percentage is too high. The prices set by the company for all restaurant are *RM3.00 for beer, RM3.50 for wine, RM5.00 for spirits (non-frozen specialty drinks) and RM7.00 for frozen specialty drinks.*

Help Jana compare her beverage cost percentages with the company averages below.

(8 marks)

Your answers are to be written in the table below.

Company Averages				
Product	Product Mix	Cost of Beverages (RM)	Beverage Sales	Beverage Cost %
Beer	30%	24,336	121,680	
Wine	20%	20,280	81,120	
Spirits (non-frozen specialty drinks)	30%	30,420	121,680	
Spirits (frozen specialty drinks)	20%	24,336	81,120	
TOTAL				

(0.5 marks each)

Jana's Beachfront Restaurant				
Product	Product Mix	Cost of Beverages (RM)	Beverage Sales	Beverage Cost %
Beer	15%	14,700	73,500	
Wine	5%	6,125	24,500	
Spirits (non-frozen specialty drinks)	15%	18,375	73,500	
Spirits (frozen specialty drinks)	65%	95,550	318,500	
TOTAL				

Look at the sales mix and the beverages cost percentages for both the company and the beachfront restaurant. Explain why Jana's total beverage cost are consistently higher than the company averages. What would you advise Jana to tell her Regional Manager?

(7 marks)

END OF PART B

PART C : CALCULATION QUESTION (20 MARKS)

INSTRUCTION(S) : ONE (1) Calculation question. Answer in the question paper provided.
