



FACULTY OF CULINARY ARTS

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Subject Code & Name : **BCA1304 Cost Control for Culinary**
Semester & Year : Jan – Apr 2017
Lecturer/Examiner : Kamal Md Saad
Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
PART A (40 marks) : FOUR (4) short answer questions.
PART B (60 marks) : THREE (3) computation questions.
Answer ALL questions in the answer booklet(s) provided.
2. Candidates are not allowed to bring any unauthorised 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 = 5 (Including the cover page)

PART A : SHORT ANSWER QUESTIONS (30 MARKS)

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

1. Some foodservice professionals feel that the best way to improve profits is to reduce costs. Others feel that increasing revenue is the best way to increase profits. Identify **THREE (3)** specific steps a manager can take to reduce current costs and provide **THREE (3)** specific steps a manager can take to increase revenue. In your opinion, which approach do you feel would be best for the type of operation you want to manage? (10 marks)
2. Sales forecasts are important because knowing how many people you will serve is important. What are the specific problems that will occur when managers underestimate the number of guests they will serve on a given day? What are **THREE (3)** specific difficulties that would likely result if managers overestimate the number of guests they will serve? (10 marks)
3. Explain the rationale for Deming's 14 principles of quality management. (5 marks)
4. How could a foodservice operation use diversity as a competitive advantage? (5 marks)

END OF PART A

PART B : COMPUTATION QUESTIONS (70 MARKS)

INSTRUCTION(S) : Answer ALL questions. You may answer in both this paper and the answer booklet(s), whichever is suitable.

1. a. Sara Dawne is the Food and Beverage Director for a mid-size hotel in a beach destination area. The General Manager of the hotel has given Sara a target of 10% profit for this year. Sara's staff is predominately her beach buddies. Although she is good at controlling most of her costs, she has a hard time telling her friends to go home when business slows down and she needs to reduce her staff. If she doesn't make her profit goal, her general manager will likely reprimand her, and she could possibly lose her job. Express Sara's expenses and profit as a percentage of total revenue, both this year and last year, to determine if she met her profit goal (fill in all empty blanks). (7 marks)

	This Year	%	Last Year	%
Revenue	\$1,448,956		\$1,094,276	
F&B Expense	463,666			35%
Labor Expense	652,030			40%
Other Expense		15%	186,027	
Total Expense				
Profit				8%

- b. Was Sara effective at controlling her expenses? Did she meet the profit goal set by the General Manager? If not, what could Sara do in the future to help her achieve her target profit? (3 marks)
2. Mike Dykes operates the student foodservice in a dormitory at Fairmont College. He is interested in calculating his "Food Cost Per Student Meal Served". Data about his costs and meals served for the semester can be found in the table below, but some of it is missing. Help Mike complete the table, to help him answer the questions he has about his operation. (16 marks)

	Jan	Feb	March	April	May	Total
Beginning Inventory	\$22,500			\$25,500		
Purchases	\$65,000		\$63,000	\$64,500	\$64,300	
Goods Available for Sale		\$86,500				
Ending Inventory	\$21,750			\$16,000	\$12,000	
Cost of Food Consumed		\$60,000				
Employee Meals		\$5,500	\$5,250		\$4,850	
Cost of Food Sold	\$60,000			\$69,000		
Meals Served	20,750	20,100	21,500	21,250	19,000	
Cost Per Meal						

3. a. Basil Bakar is the newly appointed Food and Beverage Director at ABC Industries. ABC creates and markets software programs developed for use with iPods. The company has 600 employees and operates its own cafeteria and Executive Dining Room where it offers free lunches to all employees, daily. Basil's cafeteria serves between 375 and 425 lunches per day. Approximately 50 additional meals per day are served in the Executive Dining Room. Basil has created his own modified version of a 'Profit and Loss' statement for use in his operation. Calculate the percentages of meals served in the cafeteria and Executive Dining Room and the costs per meal served. (10 marks)

ABC Industries Food Services Department

	Meals Served Last Year	% of Total Meals Served
NUMBER OF MEALS SERVED:		
Cafeteria	104,250	
Executive Dining Room	12,150	
Total Served		
	Total Cost \$	Per Meal Cost \$
COST OF SALES:		
Cafeteria	\$248,750	
Executive Dining Room	48,450	
Total Cost of Sales		
OPERATING EXPENSES:		
Salaries and Wages	244,440	
Employee Benefits	61,110	
401(k) Match	25,350	
Administrative and General Expense	46,669	
China/ Glass Replacement	12,767	
Paper Products	52,579	
Other Direct Operating Expenses	46,669	
Utilities	96,000	
Repairs and Maintenance	21,510	
Equipment Rental	1,500	
Total Operating Expenses		

- b. How much more did it cost (cost of sales) Basil to serve a meal in the Executive Dining Room than it did in the employee cafeteria? Why do you think that would be so? (2 marks)
- c. Basil's modified P&L combines all wage and salary-related costs when calculating cost per meal served. Why do you think he elected to not allocate labor costs between the two serving areas? How could he do so? (2 marks)

4. John manages an Italian restaurant in a large western city. The owner wants to know how well John did this year at generating sales, controlling costs, and providing a profit. The owner promised John that he would give him a raise if he increased return on sales (profit margin) by at least 1%. Complete John's P&L below, and states whether he receive a raise? (30 marks)

John's P&L

	Last Year	%	This Year	%
SALES:				
Food	\$2,647,415		\$2,675,889	
Beverage	498,119		965,660	
Total Sales	3,145,534	100.0%	3,641,549	100.0%
COST OF SALES:				
Food	855,104		1,074,420	
Beverage	104,005		115,879	
Total Cost of Sales				
GROSS PROFIT:				
Food	1,792,311		1,601,469	
Beverage	394,114		849,781	
Total Gross Profit				
OPERATING EXPENSES:				
Salaries and Wages	769,319		785,487	
Employee Benefits	118,996		122,994	
Direct Operating Expense	146,669		145,357	
Music and Entertainment	2,767		8,386	
Marketing	52,579		69,883	
Utility Services	88,555		97,836	
Repairs and Maintenance	41,510		39,135	
Administrative and General	80,252		78,269	
Occupancy	144,000		132,000	
Depreciation	49,812		61,498	
Total Operating Expenses				
Operating Income				
Interest	104,100		93,378	
Income Before Income Taxes				
Income Taxes	235,146		343,150	
Net Income				

END OF EXAM PAPER