

**SIR ARTHUR LEWIS COMMUNITY COLLEGE**  
 DIVISION OF TECHNICAL EDUCATION AND MANAGEMENT STUDIES

**EXAMINATION SESSION** : December 2012

**TUTOR(S)** : Mrs. D. Preville-Alfred

**PROGRAMME TITLE** : Hospitality Studies  
 Food & Beverage Operations

**PROGRAMME CODE** : 3HS-HOS/FAB-AD

**COURSE TITLE** : Food & Beverage Cost Control

**COURSE CODE** : FAB215

**DATE** : 17<sup>th</sup> December, 2012

**TIME** : 1:00pm

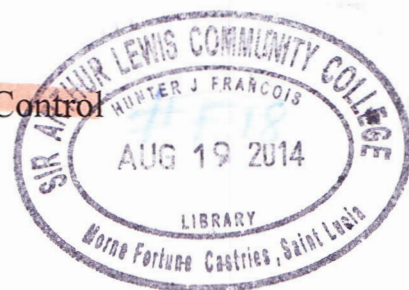
**DURATION** : 2 ½ Hours

**INVIGILATOR(S)** : L. Joseph, T. Monroe, N. Hyacinth

**ROOM** : OTW-R8



#F19



***Instructions:***

Please read the questions carefully, paying particular attention to the marks allocated to each question or part of a question, and taking account of any special instructions or requirements laid down in any of the questions.

This Examination Paper contains **TWO SECTIONS**.

Answer **ALL** questions in **Section A**.

Answer **any THREE (3)** questions in **Section B**.

*On completion of your examination:*

Make sure that your ID number and programmes are clearly marked at the top of each answer sheet and on any other material you hand in.

*Marks Allocation*

**Section A = 55%**

**Section B = 45%**

## SECTION A

Instructions: Fill in the blanks below with the appropriate term.

1. To effectively management limited resources, managers of a food and beverage operations department must set attainable objectives. Describe five (5) objectives that will enable managers to accomplish such objectives. (10 marks)
2. Using a diagram explain the management process in food and beverage operations. (15 marks)
3. Using a diagram, explain the six (6) main steps of the control cycle. (15 marks)
4. Using a diagram describe the control cycle in food and beverage cost controls. (15 marks)

## SECTION B

Instructions: Answer **any THREE (3)** questions from this section. (Show all working)

1. Jona manages a English restaurant in a large western city. The owner wants to know how well Jona did this year at generating sales, controlling, costs, and providing a profit. The owner promised Jona he would give her a raise if she increased return on sales (profit margin) by at least 1%. Complete Jona's P&L. Complete the P&L below. (15 marks)

<b>Jona's P&amp;L</b>				
	<b>Last Year</b>	<b>%</b>	<b>This Year</b>	<b>%</b>
<b>SALES:</b>				
Food	\$1,117,000		\$1,375,889	
Beverage	362,119		365,660	
Total Sales		100		100
<b>COST OF SALES:</b>				
Food	328,250		474,420	
Beverage	92,005		95,879	
Total Cost of Sales				
<b>GROSS PROFIT:</b>				
Food	788,750		901,469	
Beverage	270,114		269,781	
Total Gross Profit				
<b>OPERATING EXPENSES:</b>				
Salaries and Wages	354,319		385,487	
Employee Benefits	58,996		52,994	
Direct Operating Expenses	81,669		85,357	
Music and Entertainment	9,767		8,386	
Marketing	24,579		23,883	
Utility Services	69,555		79,836	
Repairs and Maintenance	23,510		29,135	
Administrative and General	80,252		78,269	
Occupancy	44,000		32,000	
Depreciation	49,812		51,498	
Total Operating Expenses	796,459		826,845	
Operating Income				
Interest	104,100		103,378	
Income Before Income Taxes				
Income Taxes	35,146		43,150	
Net Income				



2. (a) Andy manages Andy's Tea Room in a small suburban town. She sells gourmet food and a variety of teas. This year, Faye increased her selling prices by 5%, and she increased her wages by 10%. Andy's condensed P & L follows. Calculate her variance and variance % from last year to this year. Using her adjusted sales and labour costs, provide a more accurate picture of her performance this year giving. (7 marks)

Andy's P & L				
	Last Year	This Year	Variance	Variance %
Sales	\$2,765,000	\$3,315,000		
Cost of food	815,450	1,007,650		
Cost of labor	690,850	771,350		
Other expenses	528,950	586,150		
Total Expenses				
Profit				

- (b) Stephano owns Stephano's Italian Restaurant of the little Italy section of New York City. He wants to compare last year's costs to this year's costs on his food expense schedule to see how he performed in each food category. Complete the schedule. (8 marks)

Stephano's Food Expense Schedule				
	Last Year	% of Food Sales	This Year	% of Food Sales
Food Sales	\$12,836,517		\$13,087,564	
Cost of Food Sold				
Meats and Seafood	\$1,386,734		\$1,545,982	
Fruits and Vegetables	1,222,915		1,665,178	
Dairy	771,951		552,858	
Baked Goods	210,985		229,731	
Other	313,778		343,927	
Total Cost of Food Sold				

3. (a) Danny wishes to calculate his inventory turnover for the year. His inventory turnover target for the year was 32 times. Complete the average inventory value and inventory turnover below. (7 marks)

Stephano's Food Inventory Turnover					
Inventory Category	This Year Beginning Inventory	This Year Ending Inventory	Average Inventory Value	Cost of Food Consumed	Inventory Turnover
Meats and Seafood	\$21,476	\$17,489		\$445,982	
Fruits and Vegetables	1,708	1,015		165,178	
Dairy	772	372		52,858	
Baked Goods	160	131		29,731	
Other	10,538	11,035		303,927	
Total					

- (b) Jaymal is Director of Club Operations for five military bases in Florida. He has just received year-end income statements for each. Information from the revenue and labour portion of those statements is shown below. Jaymal wants to use the current year's data to create next year's budget. Assume that Jaymal is happy with his labour productivity in each unit and that both wages and revenue in each will increase 2% next year. Complete the chart below.

(8 marks)

Location	This Year's Results		Next Year's Budget		
	This Year's Cost of Labor	This Year's Revenue	Projected Cost of Labor	Projected Revenue	Projected Labor Cost %
Pensacola	\$285,000	\$980,500			
Daytona	\$197,250	\$720,000			
Fort Meyer	\$235,500	\$850,250			
Tampa	\$279,750	\$921,750			
Miami	\$1,190,250	\$3,720,000			

4. (a) Zana has the following information about his operation for the month of April. Calculate the ending inventory for the resort below.

(7 marks)

Inventory on March 31		<u>\$22,184.50</u>
April Purchases	\$11,501.00	
Meats	\$ 6,300.00	

Inventory March 31			
April Purchases:			
Meats			
Dairy			
Fruits and Vegetables			
All Others Foods			
Total Purchases			
Beginning Inventory			
Purchases			
Goods Available for Sale	13,699.44		
Ending Inventory			

Dairy	\$ 9,641.00	
Fruits and Vegetables	\$32,384.00	
Number of Employees Eating Daily	85	
Cost per Employee for Employee meals	\$1.25	
<b>Inventory on April 30</b>		<u><b>\$23,942.06</b></u>



- (b) The Electra Club ran by Launa who has set a standard beverage cost of 27% for her club. She wants to make sure that her beverage costs are in line with her standard. Launa wants to estimate her beverage cost after the first ten (10) days of the month. Since she doesn't have time to take a physical inventory, she decides to use her issues to estimate her costs. Complete the chart below. (8 marks)

Unit Name: Electra Club

Date: 1/1 to 1/10

Date	Issues		Sales		Beverage Cost Estimate	
	Today	To Date	Today	To Date	Today	To Date
1/1	\$701.89		\$2,232.56			
1/2	650.21		2,536.56			
1/3	857.96		2,764.23			
1/4	852.65		2,656.82			
1/5	1,223.35		6,123.54			
1/6	1,300.50		6,445.36			
1/7	785.56		2,545.87			
1/8	1,200.80		3,568.91			
1/9	655.85		2,258.75			
1/10	601.25		2,379.96			
Total						

5. (a) Richey operates a Pizza Place in south of the country. He has maintained a sales history for January through June, and she wants to compare this year's sales with last year's sales. Calculate his sales variances and percentage variances for the first six months of the year. (6 marks)

Month	Sales This Year	Sales Last Year	Variance	Percentage Variance
January	\$37,702.73	\$34,861.51		
February	33,472.03	31,485.60		
March	36,492.98	33,707.79		
April	35,550.12	32,557.85		
May	36,890.12	37,852.42		
June	37,482.52	37,256.36		
Total				

- (b) Calculate the projected sales increase and revenue forecast for the next six months. (9 marks)

Month	Sales Last Year	Predicted Change	Projected Sales Increase	Revenue Forecast
July	\$36,587.91	4.75%		
August	36,989.73	4.75%		
September	40,896.32	4.75%		
October	37,858.63	4.75%		
November	37,122.45	4.75%		
December	37,188.71	4.75%		
6-Month Total				

**END OF EXAMINATION**

**Merry Christmas** 