ZIMBABWE

MINISTRY OF HIGHER AND TERTIARY EDUCATION, SCIENCE AND TECHNOLOGY DEVELOPMENT

HIGHER EDUCATION EXAMINATIONS COUNCIL (HEXCO)

NATIONAL DIPLOMA

IN

FOOD AND BEVERAGE MANAGEMENT

SUBJECT: Food and Beverage Cost Control

PAPER NO: 586/S04

Duration: 3HRS

OCTOBER/NOVEMBER 2014 EXAMINATION

REQUIREMENTS

Silent no-n programmable calculator

INSTRUCTIONS TO CANDIDATE

1. Answer all questions
2. Start a new question on a fresh page

This paper consists of 3 printed pages.

PAPER NO: 586/S04 –FOOD AND BEVERAGE COST CONTROL

QUESTION 1

The following details relate to a local restaurant for the year ended 31 December 2012. When operating at full capacity the restaurant can sell up to 7 500 covers

Covers Sold	4 500
Sales Revenue	$6 000
Cost of Ingredients	$21 000
Fixed Costs	$22 500

Management is not satisfied and has called for a meeting and the following proposals were put forward:

a) The finance manager proposed to source ingredients from a supplier who is 10% cheaper than the current supplier, as a result, the restaurant can afford to reduce its selling price by 15% thereby increasing the number of covers sold by 20%.

b) The director suggested increasing selling price by 25% although this will result in sales decreasing by 10%.

c) The marketing manager proposed to spend $7 500 on advertising and promotions. This will induce sales to full capacity enabling the restaurant to reduce selling price by 10%

Required:

i) Calculate the budgeted profit for each proposal (18 Marks)
ii) Advise management on the best proposal and give reasons (2 marks)

0,125 43 500

750

450
675

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QUESTION 2

The Food and Beverage manager echoed the following statement in a meeting. "Beef is a very popular dish with our guests; its gross profit contribution is low. Pork has proved to be very unpopular and even its contribution in terms of gross profit is very low. Fish on the other hand is not so popular with guests although its gross profit is high.
Chicken has proved to be very popular with guests and its gross profit is high as well, as you can see, ladies and gentleman our restaurant has all the items ranging from Dogs to Stars!"

Required:

a) Classify the menu items into their appropriate categories using BCG matrix. (4 marks)

b) Recommend to management the strategies suitable for each category (16 marks)

QUESTION 3

a) Explain what is meant by a purchasing specification and its benefits to an organisation (10 marks)

b) What is "Blind receiving strategy" and what are the objectives of such a strategy (10 marks)

QUESTION 4

a) Write brief notes on the following:

i) Cook-chill
ii) Cook-freeze (12 marks)

b) What control measures would you put in place at the receiving stage of the Food and Beverage control cycle in order to safeguard the firm's assets (8 marks)

QUESTION 5

Discuss the food and beverage cost Control Cycle. (20 marks)

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efficiency

released

Pork Dog
Beef cash cow

high
high **
low

high
low Puzzle

low
high Cash
low

low
low Dog