



**FINAL**  
Examination Paper

(COVER PAGE)

Session : April 2014

Programme : Diploma In Hotel Management (DHMN)  
Diploma In Culinary Arts (DCA)

Course : DHM1107 : Food and Beverage Cost Control

Date of Examination : July 22, 2014 (Tuesday)

Time : 2:00 pm – 4:00 pm Reading Time: Nil

Duration : 2 Hours

Special Instructions :

**Section A: THIRTY (30) Multiple Choice questions. Answer ALL the questions.**

**Section B : Short answer questions. Answer ALL the questions.**

**IMPORTANT NOTE : THIS PAPER SHOULD NOT BE TAKEN OUT OF THE EXAMINATION HALL**

Materials permitted :  
Nil

Materials provided :  
OMR Sheets

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INTI INTERNATIONAL COLLEGESUBANG

DIPLOMA IN HOTEL MANAGEMENT PROGRAMME (DHMN)  
DIPLOMA IN CULINARY ARTS (DCA)  
DHM1107: FOOD & BEVERAGE COST CONTROL  
FINAL EXAMINATION: APRIL 2014 SESSION

**SECTION A:** Answer ALL Multiple choice questions in the OMR sheet provided. (30 marks)

1. The sum of food costs, beverage costs, and labour costs is called:
  - A. overhead cost.
  - B. planned cost.
  - C. historical cost.
  - D. prime cost.
  - E. operation cost.
  
2. Which one is the wrong example for fixed costs?
  - A. House rents.
  - B. Food costs and beverages costs.
  - C. Depreciation
  - D. Real estate taxes and insurance premiums.
  - E. License fees
  
3. An operating budget normally is prepared by using:
  - A. historical data and other financial records.
  - B. records and receipts.
  - C. quality and quantity standards.
  - D. food costs only.
  - E. manual calculation.
  
4. The control process consists of the following steps,
  - A. establish standards and standard procedures for operation.
  - B. all individuals to the outlets to follow established standards and procedures.
  - C. monitor performance and compare actual performances with establish standards.
  - D. take appropriate action to correct deviations from standards.
  - E. none of the above

5. Sales are found by adding together variable cost, profit, and:
- A. non-controllable cost.
  - B. controllable cost.
  - C. fixed cost.
  - D. contribution margin.
  - E. legal cost.
6. What is the formula to calculate contribution margin?
- A. Sales – Variable Rate
  - B. Variable Cost ÷ Sales
  - C. Sales x Variable Rate
  - D. Sales – Variable Cost
  - E. Sales / Variable Cost
7. Standard portion sizes help
- A. create animosity between kitchen staff and dining room personnel.
  - B. increase customer discontent.
  - C. repeat customers.
  - D. rising the excessive costs.
  - E. produce good food
8. When profit is zero (0), the business is said to be operating
- A. at a zero (0) fixed cost
  - B. at a low variable cost
  - C. on zero (0) contribution margin
  - D. at break-even point
  - E. at loss
9. The one serious shortcoming of the butcher test's portion cost factor is that it:
- A. is meaningless for inexpensive items for which the figure entered is some token amount.
  - B. can be used only by skilled personnel.
  - C. can be used only if the size of the portion for which cost is being determined is identical to that of the portion used to establish the cost factor.
  - D. is useful only for budgetary purposes.
  - E. is time consuming.

10. The advantage of proper storage location is to
- A. decelerating the storing and issuing of food.
  - B. minimizing the security.
  - C. reducing the labor requirements.
  - D. maximizing infestation of rodents and other unwanted creatures.
  - E. reducing number of stock
11. The two most effective storage practices to guard against insects and vermin are general cleanliness and:
- A. proper temperature.
  - B. proper shelving.
  - C. opening the window.
  - D. tightly sealed storage containers.
  - E. security measures.
12. A case of eggs (30 dozen) costs RM54.00. Two eggs make one standard portion. The standard cost of one standard portion is
- A. RM1.80
  - B. RM0.15
  - C. RM0.30
  - D. RM0.35
  - E. RM0.70
13. Calculating a yield factor for meat is useful for:
- A. reducing the waste of inedible parts.
  - B. eliminating the shrinkage during cooking.
  - C. determining the amount to be purchased in the future.
  - D. guarding against soaring meat prices.
  - E. determining the price in future.
14. The total covers for the day is 1538 customers. The number of covers sold for smoked salmon is 200 portions. Therefore, the popularity index for smoked salmon is
- A. 20.0%
  - B. 7.69%
  - C. 13.0%
  - D. 0.13%
  - E. 14%

15. Which of the following tests is used for products that cannot be portioned as purchased, but require some further processing before portions are produced?
- A. Butcher.
  - B. Cooking loss.
  - C. Cost factor.
  - D. Yield percentage.
  - E. Menu engineering.
16. Examples of directly variable costs are:
- A. house rents.
  - B. food costs and beverages costs.
  - C. depreciation and license fees.
  - D. real estate taxes
  - E. insurance premiums
17. The total costs of which of the following are the basic components of daily food cost?
- A. Food cost and beverage cost.
  - B. Transfers to other units and transfers from other units.
  - C. Directs and stores.
  - D. Outlets transfer to each other.
  - E. Opening inventory and closing inventory.
18. The cost of a single portion of a given item may be considered
- A. a total cost.
  - B. a unit cost.
  - C. a non-controllable cost.
  - D. a variable cost.
  - E. A total cost percentage
19. When food costs and food cost percents are determined daily and to date, total costs will be:
- A. greater than sales.
  - B. less than sales.
  - C. in line with management's goals.
  - D. out of line with management's goals.
  - E. all of the above.

20. Most of food items are graded according to degree of excellence. This is an example of

- A. a quantity standard.
- B. a quality standard.
- C. a cost standard.
- D. a total cost.
- E. a total wholesome food

21. Of the following, it is most important for menus to include:

- A. photographs.
- B. a variety of food items and prices.
- C. prices that match local competition.
- A. common, familiar items.
- B. prices targeted at budget-conscious consumers.

22. A budget designed to project sales and costs for several levels of business activity is called

- A. fixed budget.
- B. static budget.
- C. operating budget.
- D. flexible budget.
- E. budget of the year

23. Menu items to be featured as specials are typically:

- A. Stars.
- B. Plowhouses.
- C. Puzzles.
- D. Dogs.
- E. All of the above.

24. Sales equals to
- A. variable rate + contribution rate
  - B. variable rate x (fixed cost + profit)
  - C. variable cost + fixed cost + profit
  - D. variable cost + profit
  - E. variable cost – contribution rate
25. An operation had total sales last month of \$54,610 and served 7,128 covers. What is the operation's average sale?
- A. \$6.43
  - B. \$6.87
  - C. \$7.00
  - D. \$7.28
  - E. \$7.66
26. The advantages of centralized purchasing include:
- A. each unit must accept the standard item in stock and has little freedom to purchase for its own particular needs.
  - B. menus are normally standardized thus limiting the individual unit manager's freedom to change a menu.
  - C. larger inventories can be maintained, ensuring reliable supply to individual units.
  - D. individual units may not be able to take advantage of local specials at reduced prices.
  - E. All of above
27. Management's monthly physical inventory of stored beverage is primary done:
- A. to determine costs of beverages sold.
  - B. to determine the items of beverage available .
  - C. to train purchasing employees.
  - D. only when there are signs of theft.
  - E. so that every employee in this establishment has a chance to see how much alcohol is available.

28. An appropriate example for intra-unit transfers is:
- transfers of employees from front office to the kitchen department.
  - small chains produce some items in only one unit and distribute it to other units in the chain.
  - transfers of food and liquor between kitchen and bar, and between kitchen and kitchen.
  - transfer of chicken patty from Mc Donald's outlet at Sunway to Mc Donald's outlet at Perda.
  - transfer of payment from account A to account B
29. A standard recipe detail and cost card is most appropriate for:
- straight drinks.
  - mixed drinks and cocktails.
  - wines.
  - beer and ale.
  - sky juice.
30. It is possible to determine the number of sales required for an establishment to break even provided one knows fixed costs and
- average sales price.
  - average rate.
  - contribution rate.
  - contribution margin.
  - contribution percentage

**SECTION B : Answer all FIVE (5) short answer questions below. (70 marks)**

**Question 1 (Total = 20 marks)**

- (a) The owner of Brad 1 Restaurant estimates that fixed costs for the coming year will be RM860,000.00 Based on his investment in the business, she wants a profit of RM980,000.00 for the year. Experience has shown that the average check is RM20.90.
- If total variable cost is RM900,000.00, what level of dollar sales will be required to earn the target restaurant profit?  
(3 marks)
  - Given total variable costs and total sales figures calculated in Question 1(i), what variable rate is the owner projecting?  
(3 marks)
  - Given the variable rate calculated in Question 1(ii), determine the contribution rate.  
(2 marks)

(iv) Given the contribution rate calculated in Question 1(iii), determine the average contribution margin based on RM20.90 average sale.

(3 marks)

(v) At what level of dollar sales will the restaurant break-even?

(3 marks)

(b) The following information is from the records of Brad 2 Restaurant:

Sales	RM976,000.00
Variable cost	RM366,000.00
Fixed cost	RM300,000.00

Assume that sales volume equals to 25,000 covers:

(i) Calculate profit.

(3 marks)

(ii) Calculate average dollar sales.

(3 marks)

(Total: 20 marks)

### Question 2

Briefly describe TWO (2) main considerations for purchasing perishable and non-perishable foods.

(10 marks)

### Question 3 (Total = 10 marks)

(a) The Russet's Restaurant used the perpetual order method. One of the items in the inventory is canned green beans. Usually the restaurant uses 10 cans daily and it takes 4 days to deliver. The management decided to reserve 10 dozens for their par stock. Determine the reorder point and reorder quantity where cans come 12 to a case.

(5 marks)

(b) The Giant Restaurant makes an order twice a month. Normal usage of Orange juice is three dozen per week and the quantity on hand is two dozen. Desired ending inventory is 15 bottles. Due to school holiday, the coming month is expected to be very busy and required 50% more than normal usage. Determine the proper quantity of orange juice to be ordered.

(5 marks)

(Total= 10 marks)

**Question 4**

Calculate the amount of tenderloin needed to order for the following function.

Item:	180gm per serving
Number of pax:	100
Average weight of tenderloin:	7.5kg
Average yield of tenderloin:	80%

Complete the butcher test and determine:

- (a) How many kilograms of tenderloins will be needed for this function? (3 marks)
- (b) Purchase cost per kg is RM45.00, what is the per portion cost? (4 marks)
- (c) Calculate the selling price at 30% food cost? (3 marks)

(Total=10 marks)

**Question 5 (Total = 20 marks)**

- (a) Complete the menu engineering worksheet given. (12 marks)
- (b) From the menu classification, give your recommendation(s) for improving the content of menu. (8 marks)

*(Please pass up the worksheet attached together with your answer booklet)*

(A) Menu Item Name	(B) Number Sold (MM)	(C) Menu Mix (%)	(D) Item Food Cost	(E) Item Selling Price	(F) Item CM (E-D)	(G) Menu Costs (DxB)	(H) Menu Revenues (ExB)	(L) Menu CM (FxB)	(P) CM Category (Compare O and F)	(R) MM% Category (Compare C and Q)	(S) Menu Item Classification
A	481	40%	4.90	12.50							
B	190	15%	6.50	14.75							
C	205	17%	5.20	10.60							
D	340	28%	7.00	16.80							
	N					I	J	M			
Column Total											
Additional Computations:											
											Q=(I/# of items) (70%)