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**KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR**  
**FIRST YEAR, SECOND SEMESTER END OF SEMESTER EXAMINATION**  
**FOR THE DIPLOMA IN HOSPITALITY MANAGEMENT**  
**DHM 1621-CATERING AND ACCOMODATION CONTROL II**

Date: 13<sup>th</sup> April 2023  
Time: 8.30am - 10.30am

**INSTRUCTION TO CANDIDATES:**

**ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS**

**QUESTION ONE (30 MARKS)**

- a) Distinguish between variable costs and fixed costs (4marks)
- b) Describe the following types of budgets;
  - i. Flexible budget (2marks)
  - ii. Long-term budget (2marks)
  - iii. Fixed budget (2marks)
- c) Explain three types of profits (6marks)
- d) If your business had a beginning inventory of \$20,000 and the purchases totaled to \$9,000 for that quarter, and you had an ending inventory of \$5,000, what will the material cost (4marks)
- e) List four advantages of production planning and control (4marks)
- f) Differentiate between qualitative forecasting and quantitative forecasting (4marks)
- g) Labour for a week is \$3000, overhead is \$2000, and food cost is \$4000. Calculate the break-even point for the sales? (2marks)

**QUESTION TWO (20 MARKS)**

- a) Budgeting is a forward planning. It serves basically as a tool for management control; it is rather a pivot of any effective scheme of control. Explain the objectives of budgeting and budgetary control (8marks)
- b) Forecasting is a technique of predicting the volume of sales of the establishment for a specific future period, it helps estimate the future demand of products and services. Explain the main functions of forecasting in the catering establishments (8marks)
- c) There are many factors that influence production of goods and services affecting the execution of a streamlined production planning and control process, highlight four of these factors. (4marks)

**QUESTION THREE (20 MARKS)**

- a) The following information was obtained from ABC Bar and restaurant for the period of June 2023,

Beginning inventory value = \$25000

Purchases = \$10,000

Ending inventory value = \$15,000

Wages and salaries = \$ 10, 000

Health benefits = \$ 2,000

Pension = \$ 5,000

Total food sales = \$15,000

Calculate;

- i. Cost of goods sold (4marks)
  - ii. Labour cost (4marks)
  - iii. Food cost and express it as a percentage (4marks)
- b) Break-even analysis is used as a tool by businesses to find out the minimum sales volume so that a business does not suffer losses, with aid of a diagram describe the break-even analyses concept and define the Break-even point (8marks)

#### **QUESTION FOUR (20 MARKS)**

- a) A high labour turnover rate is considered to be unfavorable for the organization's stability and can even result in a temporary shutdown or strike. Explain factors that result to high employee turnover in the hospitality industry (8marks)
- b) A revenue control and management policy establishes proper control over all receipts and receivables and helps ensure sound financial management practices. Describe the basic revenue control systems, giving two examples in each (4marks)
- c) Idle time is time wastage which needs some effective control so that payment of wages without actual work may be minimized. Explain the measures that management can put in place in order to reduce losses resulting from idle time (8marks)

#### **QUESTION FIVE (20 MARKS)**

- a) Catering and accommodation control is influenced by the diverse dynamics of the hospitality industry. Give the challenges affecting catering and accommodation control and ways in which they can be managed (8marks)
- b) To calculate calculating the net wages payable to each worker, there are deductions that are usually made from the gross wages: List these deductions (4marks)
- c) Finding the ideal price means choosing a pricing strategy that's appropriate for your company's circumstances to meet its goals and objectives, explain the pricing strategies that can be adopted by a catering establishment (8marks)