



<b>FACULTY/COLLEGE</b>	College of Business and Economics
<b>SCHOOL</b>	School of Tourism and Hospitality
<b>DEPARTMENT</b>	Hospitality Management
<b>CAMPUS(ES)</b>	APB
<b>MODULE NAME</b>	Food and Beverage Financials / Hospitality Financial Management
<b>MODULE CODE</b>	FBF02Y2 /HFM02Y2
<b>SEMESTER</b>	Second
<b>ASSESSMENT OPPORTUNITY, MONTH AND YEAR</b>	Summative Assessment Opportunity November 2019

<b>ASSESSMENT DATE</b>	18 Nov 2019	<b>SESSION</b>	08:30-10:30
<b>ASSESSOR(S)</b>	Ms C Mabaso and Mrs EA Sao Joao		
<b>MODERATOR(S)</b>	Dr D Thusi		
<b>DURATION</b>	2nours 120 Min	<b>TOTAL MARKS</b>	100 (60+40)

<b>NUMBER OF PAGES OF QUESTION PAPER (Including cover page)</b>	12
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#### INFORMATION/INSTRUCTIONS:

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- This is a closed-book assessment.
  - **Answer all the questions**
  - **Answer section A and B in different answer books**
  - Read the questions carefully and answer only what is required.
  - Number your answers clearly and correctly as per the question paper.
  - Write neatly and legibly on both sides of the paper in the answer book, starting on the first page.
  - Non-programmable calculators are permitted – only one per candidate
  - Question papers must be handed in.
  - The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.
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**SECTION A – ACCOUNTING****[60]**

The Pre-adjustment Trial Balance of Name & Doom is given below:

**REQUIRED:**

Use the information given to:

- (a) Prepare the Statement of Comprehensive Income of Name & Doom (18)
- (b) Prepare the statement of changes in equity (10)

**ADJUSTMENTS:**

1. Stock on hand on 28 February 20x9 according to physical stock taking was as follows:  
Trading Stock: R20 707.  
Cleaning material: R56
2. The telephone account for February 20x9 had been received, but had not yet been paid, R63.
3. Included in the amount for stationery was stationery received on 2 March 20x9, together with an invoice for R120 from Stationery Suppliers.
4. Depreciation to be written off as follows:
  - (a) Equipment at 20% p.a. on the diminishing balance method.
  - (b) Vehicles at 20% p.a. on the cost price method.
5. Write off Cutlery and Crockery for R1 100.
6. The partners are paid a fixed salary monthly. The salary for partner D. Doom for February 20x9 was not paid and it must be brought into account.
7. The partners are entitled to 12 % p.a. interest on capital.
8. Increase General Reserve with R2 000.
9. Partner D. Doom must be credited with a bonus equal to 5 % of the net profit.
10. The remainder of the net profit must be divided between the partners equally.

BALANCE SHEET SECTION	DEBIT	CREDIT
Capital (Balance on 01/03/19)		
: N Name		60 000
: D Doom		75 000
Drawings : N Name	7 540	
: D Doom	9 319	
Current Account : N Name		3 750
: D Doom		3 095
General Reserve		15 000
Land and Buildings	48 000	
Vehicles	42 000	
Furniture	34 000	
Equipment	29 500	
Cutlery and Crockery	21 800	
Trading Stock	20 987	
Fixed Deposit	30 000	
Debtors Control	9 023	
Bank	4 761	
Cash Float	130	
Mortgage Bond		23 000
Creditors Control		7 782
SARS (Vat)		2 750
Provision for Bad Debts		270
Accumulated depreciation on -		
Furniture		2 870
Accumulated depreciation on -		3 370
Equipment		
Accumulated depreciation on -		3 580
Vehicles		
<b>NOMINAL ACCOUNTS SECTION</b>		
Sales		182 240
Cost of Sales	113 900	
Water and Electricity	1 073	
Cleaning Material	250	
Wages and Salaries	15 640	
Telephone	612	
Rent Received		20 750
Interest on Fixed Deposit		1 550
Interest on Mortgage Bond	1 080	
Stationery	970	
Bank Charges	357	
Bad Debts Recovered		2 125
Bad debts	240	
Salary : N Name	9 600	
: D Doom	8 800	
Interest Received		2 450
	<b>409 582</b>	<b>409 582</b>

**QUESTION 2**

An asset may be recognised when: <ul style="list-style-type: none"> <li>• The cost is measurable</li> <li>• The future economic benefits are probable.</li> </ul>	
Non-current assets are assets with a long life expectancy: Land and buildings ;Office equipment ; Vehicles ;Furniture ; Computer equipment ; Machinery.	
Since a non-current asset is used over a one month and the initial cost is not written off as an expense, but is shown as an asset in the statement of financial position ( Period should be longer than a year).	
Hire purchase is an arrangement for buying expensive consumer goods on <u>credit</u> , where the buyer makes an initial <u>down payment</u> , with the balance being paid in installments plus interest.	
The net remuneration is an employee's take-home pay after all the deductions not have been considered. There are numerous deductions that impact on an employee's wage, such as pension, Pay as you earn, Unemployment Insurance Fund, medical aid, SDL (skill development levy ,etc.	
Taxable income = Basic wage + Pension fund contributions	
Basic remuneration is the amount paid to an employer before any extras are added or taken off, such as reductions because of salary sacrifice schemes or an increase due to overtime or a bonus.	

( 7)

**QUESTION 4****The cost of the Tangible Asset**

Mr B Baker is the owner of the company that sells birthday cakes. He decide to acquire another oven for his business for cash. The company that sells the types of oven he want is in Mpumalanga. He needs to bring it to Johannesburg where his company is.

They are selling their ovens at R180 000 each. If the company pays cash, they qualify for 10% discount. Vat is charged at 15% of the net price. Transport from Mpumalanga to Johannesburg i is calculated per kilometer the distance is 350km per they charge R3 rand per kilometer . The Mpumalanga company is the only company that does

installation is charge per hour they take 5 hours and for every 5hour they discount one hour, per hour its R200

**You are required to calculate:**

All cost associated with the acquiring an Asset. For both cash and credit.


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**(12)****QUESTION 5**

Henry Masindi works for Tshavheni Company, and in March 2019, his gross (normal) salary was 500. The following deductions apply to employees of Tshavheni Company:

- Pension fund contributions are 7.5% of normal salary.
- PAYE is 25% of taxable income.
- UIF is 1% of normal salary.
- Trade union membership is R30.00 per month for all employees belonging to BA trade union, of which Henry is a member.
- Henry contributes 5% of his taxable income to Madoda
- Medical Fund.

R200.00 is paid to Henry's life assurance company in respect of his retirement annuity fund contributions.

**Required:**

1. Calculate Henry's net remuneration for the month of March 2019. (7)
2. Post the entries to the relevant ledger accounts. (6)

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**Total Section A 60 Marks**

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**Cont...**

**SECTION B – FOOD COSTING****[40]****QUESTION 1****[25]**

- 1.1 Multiple choice questions: Select one (1) correct answer for each of the following. In your answer booklet, write down only the number of the question and, next to it, the letter of the correct answer. **(5)**
- 1.1.1 Which measure of labour productivity compares the price paid for labour with the revenue generated in a food service operation?
- a. Sales per labour hour
  - b. Labour cost percentage
  - c. Guests served per labour hour
  - d. Labour dollars per guest served
- 1.1.2 Which measure of labour productivity would NOT be affected if a manager decided to both increase menu prices and to give employee raises?
- a. Sales per labour hour
  - b. Labour dollars per guest served
  - c. Labour cost percentage
  - d. Guests served per labour hour
- 1.1.3. On Monday, a manager's operation generated revenue of R31,720. The manager served 180 guests, used 26 total hours of labour, and had a labour cost of R305. What was the manager's labour cost percentage on Monday?
- a. 20%
  - b. 25%
  - c. 30%
  - d. 35%
- 1.1.4 The term "Other Expenses" in a foodservice operation refers to all of the operation's costs EXCEPT the amount of money spent for
- a. food and rent.
  - b. labour and rent.
  - c. food and labour.
  - d. rent and insurance.
- 1.1.5 A manager's restaurant uses paper napkins. Which type of other expense is the amount the manager pays for napkins?
- a. Controllable, fixed
  - b. Controllable, variable
  - c. Non-controllable, fixed
  - d. Non-controllable, variable

- 1.2 Examine the list below of other expenses and indicate whether they are controllable or non-controllable. (10x½=5)

1.2.1	Piano hire	1.2.6	Energy costs
1.2.2	Pianist	1.2.7	Occupancy costs
1.2.3	Marketing	1.2.8	Utilities
1.2.4	Franchise fee	1.2.9	UIF
1.2.5	Bank charges	1.2.10	Property taxes

- 1.3 Read the statements below and select the correct word. (5)

Embezzlement	Accounts payable	Open check
Merchant service provider	Quick change artist	Bank reconciliation
Bonding	Interface	Credit card skimming

- 1.3.1 Money that is entrusted to an employee but is moved to where it should not. (1)  
 1.3.2 Money owed to suppliers. (1)  
 1.3.3 When the guest confuses the cashier getting more change than they should. (1)  
 1.3.4 Insurance to protect the operation against theft. (1)  
 1.3.5 A comparison between deposits and disbursements. (1)

- 1.4 Read the statements below and indicate whether they are **True or False:** (10)

- 1.4.1 Supporting documentation for each expenditure is vital to explain variances.  
 1.4.2 Next year's budget can be prepared without this year's P&Ls.  
 1.4.3 Goal value menu analysis is performed using a 2x2 matrix to indicate menu item characteristics that are above and below the overall menu's average value.  
 1.4.4 The formula used to calculate a break-even point in sales is: Fixed Costs (÷) Contribution Margin % = Break-Even Point in Sales.  
 1.4.5 Cost/Volume/Profit (CVP) analysis is also referred to as break-even analysis.  
 1.4.6 Prime costs in a restaurant include its food, beverage and labour costs.  
 1.4.7 Increases in an operation's revenue will probably result in an increase in the operation's variable labour cost percentage.  
 1.4.8 An operation's total revenue minus its cost of sales equals the operation's gross profit.  
 1.4.9 In a properly operating precheck / postcheck revenue control system, product issues should equal product sales.  
 1.4.10 In a properly operating revenue control system, no product should be issued from a kitchen or bar until a permanent record of the issue is made.



**QUESTION 2****[15]**

Bongani and Oliver owe a business together and are finishing their P&L and then are analysing the results to prepare their strategic plan.

- 2.1 Please help them to complete this P&L so that they can compare this year with last year.  $(10 \times \frac{1}{2} = 5)$

	Last Year	%	This Year	%
<b>SALES:</b>				
Food	R 2,847,415	<b>b.</b>	R 2,875,889	78.97
Beverage	R 698,119	19.69	R 765,660	<b>c.</b>
<b>Total Sales</b>	<b>a.</b>	100	<b>d.</b>	100
<b>COST OF SALES:</b>				
Food	R 855,104	30.03	R 1,274,420	44.31
Beverage	R 204,005	29.22	R 215,879	28.20
<b>Total Cost of Sales</b>	<b>e.</b>	<b>f.</b>	R1,490,299	<b>g.</b>
<b>GROSS PROFIT:</b>				
Food	R 1,992,311	69.97	R 1,601,469	55.69
Beverage	R 494,114	70.78	R 549,781	71.80
<b>Total Gross Profit</b>	R2,486,425	70.13	R2,151,250	59.08
<b>OPERATING EXPENSES:</b>				
Salaries and Wages	R 779,319	21.98	R 795,487	21.84
Employee Benefits	R 138,996	39.20	R 152,994	4.20
Direct Operating Expense	R 216,669	6.11	R 205,357	5.64
Utility Services	R 88,555	2.50	R 95,836	2.63
Administrative and General	R 80,252	2.26	R 78,269	2.15
Occupancy costs	R 154,000	4.34	R 152,000	4.17
Depreciation	R 49,812	1.41	R 61,498	1.69
<b>Total Operating Expenses</b>	R1,507,603	42.52	<b>h.</b>	<b>i.</b>
<b>Operating Income</b>	R978,822	27.61	R609,809	16.75
<b>Interest</b>	R109,100	3.3	99,378	2.6
<b>Income Before Income Taxes</b>	R869,722	24.53	R510,431	14.02
<b>Income Taxes</b>	R425,464	7.5	R455,194	12.5
<b>Net Income</b>	R444,258	12.53	R55,237	<b>j.</b>

2.2 Analyse the results and indicate how they are performing. (2)

2.3 Bongani and Oliver are relooking their menus but want to first determine which starters are more popular and profitable than the others. Assist him to complete the table below and then answer the other questions. (6)

Menu item	Number sold	Selling Price	Total sales	Item Cost	Total cost	Item contribution Margin	Total Contribution Margin	Food cost %
Liver pate	90	R55.00	R4959.00	R17.60	R1584.00	R37.40	R3366.00	32.0
Minestrone	99	R45.00	R4455.00	R14.70	<b>a.</b>	R30.30	<b>b.</b>	32.6
Halloumi	106	R55.00	R5830.00	R18.40	<b>c.</b>	R36.60	R3879.60	33.5
Club salad	95	R45.00	R4275.00	R15.70	R15.70	<b>d.</b>	R2783.50	34.9
Nachos	105	R60.00	R6300.00	R21.00	R21.00	R39.00	<b>e.</b>	35.0
Total	495	----	R25,810.00	----	R8686.20	----	R17,123.80	----
Weighted average	<b>f.</b>	<b>g.</b>	<b>h.</b>	<b>i.</b>	<b>j.</b>	<b>k.</b>	<b>l.</b>	<b>m.</b>

2.3 Indicate which menu item is a star. Give a reason for your choice. (1)

2.4 What would you do with a plough horse? (1)

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**Total Marks 100**

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