

Uva Wellassa University

Faculty of Management

Degree of Bachelor of Business Management (BBM) in Hospitality, Tourism & Events

Management



THIRD YEAR FIRST SEMESTER EXAMINATION – MAY / JULY 2017

HTE 303-2 Cost Control in Tourism



03. A

Part - B Essay Questions

Answer only three (03) questions including question number 01 in Part B.

Marks Allocated: 70 Marks

01. Ryan's tour company offers weekly tour packages that include return flights from Ottawa to Hawaii once every week. He contracted Phoenix Air Travel for US \$ 1,600,000 to use their 150-seater aircrafts for a period of 16 weeks.

He also contracted a hotel in Hawaii at US \$200 per room per night based on double occupancy. In addition to the price of the package, each client is required to pay US \$450 for air taxes, US \$20 for baggage handling and transfer charges as well as US \$3.25 per night for gratuities at the hotel. Taxes are additional for all the rates.

i. Calculate the following before taxes:

- (a) Cost per seat for the company. (04 Marks)
- (b) Hotel cost per person for the company. (04 Marks)
- (c) Total base cost per person for the company. (04 Marks)
- (d) Price per client, if the company has a profit margin of 30%. (04 Marks)
- (e) Quoted price to clients (include TGSC separately). (04 Marks)

ii. Explain the factors influencing tour costing. (10 Marks)

(Total Marks 30)

02. Cost control is the practice of identifying and reducing business expenses to increase profit of a company.

- i. What is the difference between Cost Control and Cost Reduction. (03 Marks)
- ii. Briefly explain the advantages of a good cost control system. (05 Marks)
- iii. Discuss different cost control techniques that can be used in tourism and hospitality businesses. Your answer should be elaborated with sufficient examples. (12 Marks)

(Total Marks 20)

03. All food service businesses, regardless of size or types, have certain process in common.

- i. Explain the establishing standards and standard procedures for storing. (10 Marks)
- ii. Discuss the principle goals of sales control. (10 Marks)

(Total Marks 20)

04. A training plan is a series of elements that constitute a method for teaching a specific employee the skills required to perform a job correctly and in the manner anticipated by management when the standards and standard procedures for the job were developed.

- i. Explain the elements of training plans. (10 Marks)
- ii. Discuss the determinants of total labor costs and labor cost percents. (10 Marks)

(Total Marks 20)

