



Uva Wellassa University

Faculty of Management

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

SECOND YEAR FIRST SEMESTER EXAMINATION – JULY/AUGUST 2016

HTE 201-2 Material Management in Tourism



Section - B

Answer only three (03) questions including question number one (01)

1)

- a) Safaya Beach Hotel is a newly established hotel in southern coast which has a main restaurant and coffee shop with one banquet hall. Procurement department has an agreement with CIC to supply 175 kg of Chicken in every morning at 10 a.m. to the receiving point at hotel. The following additional information regarding the daily consumption of Chicken is given.

Finish Unit	Qty.	Weight	UOM
Breasts	30	0.500	k.gms
Thighs	30	0.450	k.gms
Wings	30	0.350	k.gms
Drums	30	0.400	k.gms

Total cost of chicken is Rs. 65,625.00.

Prepare the Yield Calculator Sheet and answer to the following questions.

- i) Calculate the raw cost per kilogram. (01 Mark)
- ii) Calculate the finished weight of breast, thighs, wings, and drums required for daily operation. (04 Marks)
- iii) Calculate the Yield Ratio. (02 Marks)
- iv) Calculate the unit cost per servable kilogram. (02 Marks)
- v) Calculate the wastage of chicken. (01 Mark)
- vi) Newly appointed Restaurant Manager of the Safaya Beach Hotel is certainly confused with the term of **Yield Management**. As the General Manager of the hotel you are requested to describe him the advantages of applying Yield Management for the Hospitality operation.

(05 Marks)

b) 'Blue Line City Hotel' is a five star hotel, located in the heart of Colombo city. Main restaurant of the hotel offers an extensive menu of wines. The average case of wine costs Rs.54,000.00. Past experience indicates 750 cases of wines are sold per year by the restaurant. After having a discussion with Blue Line City Hotel's Purchasing and Store Managers, accountant has estimated that the cost of ordering and receiving a shipment of wine is Rs. 4,500.00. Supplier takes 15 days in delivering an order. Maximum sales of wine per day could be 4 cases. As the restaurant holds any excess working capital as marketable securities that earn 5% per annum, the account estimates the cost of holding a case of wine for year to be Rs. 2,700.00 (i.e. Rs. 54,000.00 × 5%).

$$EOQ = \frac{\sqrt{2 D Co}}{Ch}$$

- i) What is meant by Economic Order Quantity (EOQ)?
(02 Marks)
- ii) Calculate the Economic Order Quantity (EOQ) of wine.
(03 Marks)
- iii) Calculate the Safety Stock of wine inventory.
(03 marks)
- iv) Calculate the Re-Order Level of wine.
(03 Marks)
- v) Distinguish between aggregated inventory management and item inventory management with advantages and disadvantages of each.
(04 Marks)

(Total Marks 30)



2)

a) What is meant by **Procurement**?

(02 Marks)

b) Distinguish between Purchase Requisition and Purchase Order.

(03 Marks)

c) Discuss the advantages and disadvantages of a Centralized Purchasing Department for a Tourism and Hospitality business.

(05 Marks)

d) Select any topic from the following list and explain all the steps of standard procurement cycle bringing up a real world example.

i) Procurement cycle of beverages

ii) Procurement cycle of vegetables and fruits

iii) Procurement cycle of sea food

iv) Procurement cycle of poultry and other meat items

v) Procurement cycle of linen and other housekeeping supplies

(10 Marks)

(Total Marks 20)

3)

a) What is meant by Demand Management?

(03 Marks)

b) Explain the importance of Forecasting in the demand management.

(03 Marks)

c) Briefly describe the attributes of a **Lean Organization**.

(04 Marks)

d) Critically discuss the Demand Management strategies that can be undertaken in the Hospitality and Tourism operations. Your answer must be elaborated with adequate examples from the relevant industries.

(10 Marks)

(Total Marks 20)

4) "Logistic Management has acquired the wider meaning and is used in the business for the movement of material from suppliers to the manufacturer and finally the finished goods to the consumers."

Do you agree with this statement? Critically assess this statement providing appropriate examples.

(Total Marks 20)

