

**UNIVERSITY OF COLOMBO**  
**FACULTY OF ARTS**  
**DEPARTMENT OF ECONOMICS**

**POSTGRADUATE DIPLOMA IN TRAVEL & TOURISM ECONOMICS  
AND HOTEL MANAGEMENT**

**FINAL EXAMINATION – 2016 (5<sup>th</sup> Batch)**

**Pg. DTEHM C503: Hotel & Resort Operations and Consumer Services  
Development**

**Time Allowed: THREE [3] HOURS**

**Answer FIVE (5) Questions by selecting at least One Question  
from Each Section**

**All questions carry equal marks**

**Use Separate Answer Book for Each Section**

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**Section One**

- (1) "Integration of tourism services is a common characteristic in developing countries like Sri Lanka"
  - a. Give inside to the integration of tourism services and add your comments to explain horizontal and vertical integration with examples.
  - b. Why integration is commonly seen in Sri Lanka and explain its advantages and disadvantages with practical examples.
  
- (2) "Hotel and resort operations let its destination to share tourism impacts that are visible in the long run".
  - a. What types of tourism impacts do you recognise in a destination which has a more informal tourism facilities development than formal resort operations?
  - b. Give a critical overview on tourism impacts with reference to a formal Tourism Resort developed in Sri Lanka.

- (3) "Theme Resort development has become a fashion and trend of the decade".
- a. Briefly explain what the main features of a theme resort are and give examples from resorts found in Sri Lanka, Maldives, Malaysia and Thailand.
  - b. As per today what do you recommend to your company which is asking advice from you for their next tourism Resort investment of Rs. 250 Mn. Justify your answer?
- (4) Outset the hotel operation and service management are the most important factor to the top management. But they more focus on financial profitability and commercial viability"
- a. Give a brief interpretation to the two statements above and explain with examples the close relationship of the two as a manager.
  - b. To ensure continuous profitability growth, what measures/methods you recommend to the operation team of you organisation?
- (5) "Government need encourage Resort Hotel development with private investments in countries like in Sri Lanka considering its multi-linkages with other sectors in the economy".
- a. Briefly explain with examples Hotel & Resort linkages which open avenues with other sectors to share benefits.
  - b. Also explain how overseas opportunities are brought by the Resort and Hotel operations to the country ( explain with examples)
- (6) Write short note on ONLY FOUR topics of your selection from the list below"
- a. Departmental income and gross margin
  - b. Fix expenses and common expenses
  - c. Financial statement and profitability statement
  - d. Taxation and net profit for dividends
  - e. Gross profit and net profit of resort business
  - f. Marketing expenses and profitability relationship

## Section Two

- (7) a) Explain the managerial applications of managing a stock of optimum level rather than very large stocks or stocks of small scale.
- b) A hotel will have an annual demand of 720 sauce bottles. Each sauce bottle will cost Rs 400 and the ordering cost shall be Rs 200 per order. While assuming the carrying rate is 20% per annum you are required to, Calculate the Economic Order Quantity (EOQ) of sauce bottles, Calculate the ordering cost and carrying cost separately, Calculate the total cost of the sauce bottle stock.

- (8) a) Explain the role played by stocks in the financial operation of a star class hotel.  
b) Following information are extracted from the records relevant to the mayonnaise bottle stock of a hotel.

| Date      | Type          | Quantity | Price |
|-----------|---------------|----------|-------|
| 1/1/2016  | Opening stock | 8        | 250   |
| 4/1/2016  | Purchase      | 20       | 225   |
| 14/1/2016 | Purchase      | 25       | 230   |
| 23/1/2016 | Purchase      | 7        | 250   |
| 30/1/2016 | Closing stock | 11       |       |

Evaluate the value of the final stock separately using FIFO, LIFO and Weighted Average methods and make a comment on each method.