

HRIM 321  
LECTURE 14

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## Today's Topics

- Adjusting recipes
- Food cost accounting  
» a.k.a. how to keep score



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## Adjusting Recipes

### Determine an Adjustment Factor

Portions in original recipe (X)  
= Portions in expanded or contracted

$$50 X = 180$$

$$X = 180 / 50 = 3.6$$

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## F.C. Accounting System

- Goal is to provide timely, cost effective data to ensure that costs are in line.



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## Fiscal Calendar

- Consists of 13 periods, each four weeks in length.



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## Food Cost %

$$FC\% = CGS / Sales$$

$$CGS = BI + Purch - EI$$



Forever  
and ever,  
Amen!



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## Food Cost %

$$\begin{aligned} \text{CGS} &= \text{BI} + \text{Purch} - \text{EI} \\ &= \$22,252 + \$14,168 - \$22,574 \\ &= \$13,846 \end{aligned}$$

$$\begin{aligned} \text{FC\%} &= \text{CGS} / \text{Sales} \\ &= \$13,846 / \$38,038 \\ &= 36.4\% \end{aligned}$$

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## Further Dissecting FC

Meat: 11.7%  
Seafood: 6.2%  
Dairy: 6.1%  
Produce: 4.7%  
Grocery: 5.5%  
N.A. Bev: 2.2%  
Total FC: 36.4%



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## Accting 4 Employee Meals

- 2 schools of thought
  - » 1) E.M. are part of F.C.
    - No adjustment needed
  - » 2) Employee meals are a personnel benefit and should be treated as such.
    - Adjustment needed



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### Common E.M. Adjustment

- Ring up complimentary employee meals under special key on P.O.S. and consider as sales for purpose of FC% calculation.

$$FC\% = CGS / \text{Sales} + \text{Employee Meals}$$

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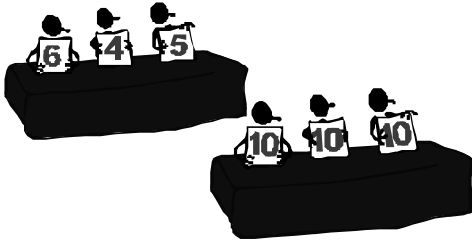
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### Ideal Food Cost



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