

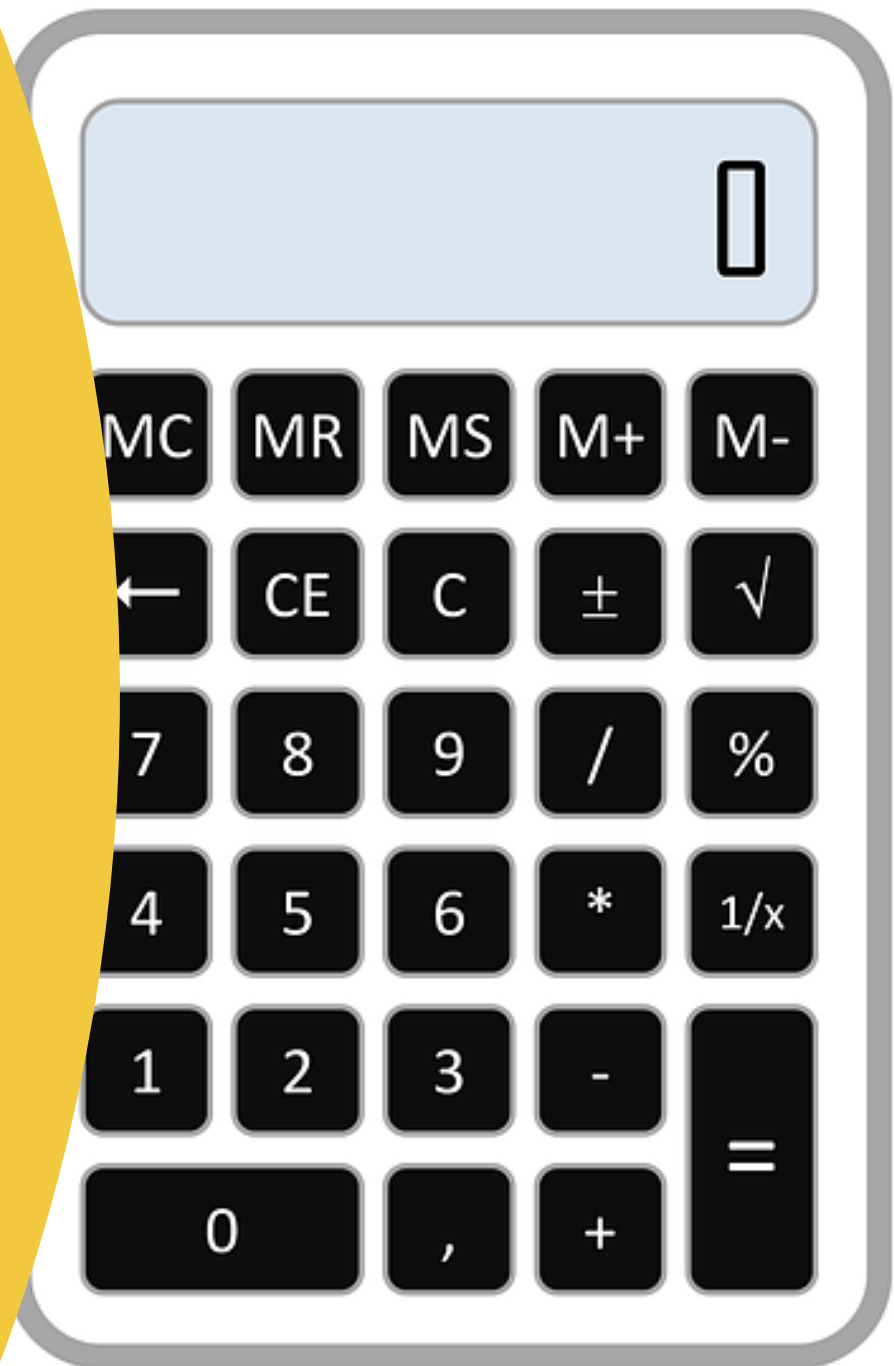


Hospitality and Catering

Costings

Lesson 1

Become an expert at costings helping to run a successful business.





Learning objectives

- Identify what are the main costs involved in hospitality and catering
- Summarise what are overhead costs
- Define the terms gross profit and net profit
- Understand what variables there are
- State the difference between direct and indirect labour costs
- Describe how to calculate % gross profit
- Identify what a 'selling price point' is





Learning objectives

- Recognise how to stay within a budget
- Explain different methods to control costs
- Describe the consequences of not controlling costs
- Summarise the purpose of reporting costs
- Calculate costs converting imperial measurements to metric
- State the purpose of using recipe books





Making money

Most people are in business to make money.

The money they make in sales is used to pay for the costs of producing food items for sale.

Any money left over is called Profit.





What are costs ?

- Overheads – rent, electric bills, gas bills, council tax rates and other utility bills
- Staffing – wages
- Ingredients- every item used to make a product





What are costs ?

Monthly bills can be broken down by the day to make them more manageable.





What are costs ?

If you make a set amount of products in a day then you can work out how much it cost per item.





What are costs ?

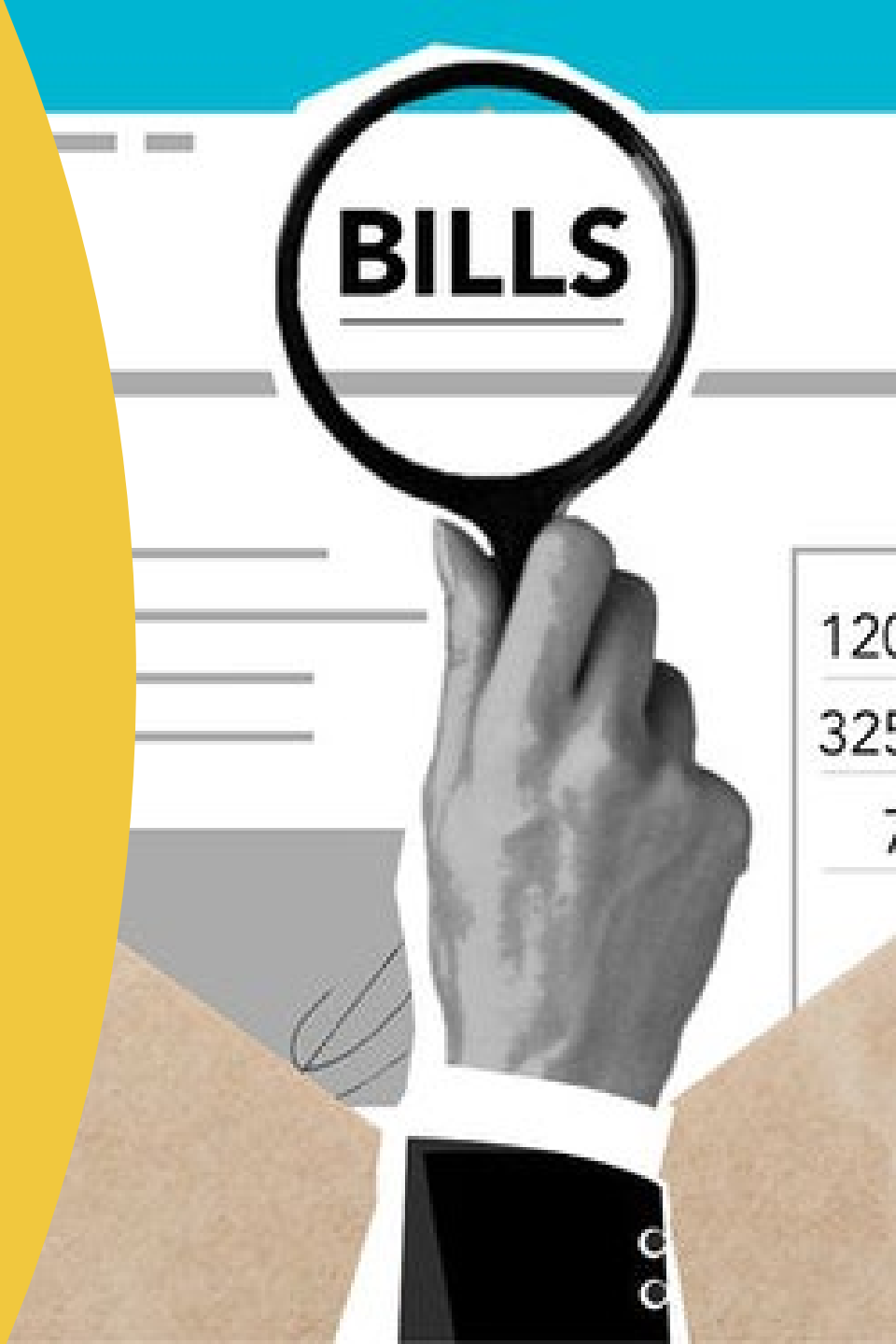
Overheads –gas bills

£200 monthly gas bill is divided by the number of days open in a month.

$£200/22 = £9.09/\text{day}.$

If you make 400 items per day then:

$£9.09 \text{ divided by } 400 = 2\text{p cost per item}$





What are costs ?

Staffing – wages

Most staff in catering are paid by the hour.

You can use this to work out how much it costs to produce items per hour.





What are costs ?

Staffing – wages

If you can make 200 items in 2 hours
and you get paid £10 per hour, the
calculation will be:-

200 divided by £20 = 0.10p/per item.





Revision Activity 1

What is considered an overhead cost ?