UNIT 31 REVIEW OF FOOD SERVICE ESTABLISHMENT

Structure

31.1 INTRODUCTION

In Unit 29 and 30 of Case Study II, you have learnt how Ramu planned and established a canteen in a school. His objective was to sell packed lunches and snacks to the students and staff of school in order to generate profit. Ramu's venture could be said to be successful only if he got a good number of customers and kept them satisfied with his service. He should also have made sufficient profit to repay back the loans and earn a decent livelihood.

He can say so only after reviewing the performance of his canteen over the year. How can he review the performance of operation of his canteen? You can recall from Lakshmi's experience that reviewing the performance involves comparison of results with the objectives or plan and applying corrective measures if necessary. Like Lakshmi, Ramu also prepared a budget and maintained records of expenditure and sales. He checked his sales income and expenditure against the budget or an estimate and finally prepared a profit and loss statement. Profit and loss statement helped him to finally decide whether his business venture was successful or not. This unit presents an interesting discussion on how Ramu reviewed his performance and came to know whether his unit wassuccessful or not.

Objectives

After going through the unit, you will be able to:

- identify the records that have to be kept in a canteen.
- describe the way of analysing food cost and sales
- state the importance and method of preparing a profit and loss statement.
- discuss the check/control measures which help in keeping the expenditure within limits.
- suggest the corrective measures, if any, needed to generate enough profit after analysing expenditure and sales.

31.2 RECORDS MAINTAINED IN THE CANTEEN

Ramu maintained systematic and accurate records of all the transactions and operations. These records were a clear indication of the performance of his canteen. These when scrutinised, helped to compare the performance with the standards and to take the corrective measures. Thus is can be said that the key to any review process is the maintenance of systematic and accurate records. Figure given here highlights the importance of maintaining records.

Fig.: Importance of maintaining records

Let us now look at some of the records that Ramu maintained at each stage of operation, which helped him to assess his situation well.

Purchasing: The first phase of operation was that of purchase. Ramu kept a *supplier's directory* i.e. list of the suppliers from whom he could buy the various items required for the canteen. The list included the names, addresses, telephone numbers, items available and the terms of purchase of the suppliers. Such a list not only helped Ramu to locate the suitable supplier for an item easily, but also helped his cook to contact the suppliers for immediate procurement of items, when Ramu was absent from the canteen.

Purchase order form:

Ramu also maintained record of purchase order forms. You may recollect from Case Study I, Lakshmi had also used a purchase order form. This gives the details or specifications of the items to be purchased with their quantities. Such clearcut specifications helped the supplier to deliver the right type of commodities. Ramu used the purchase order form in all possible purchases.

A sample of purchase order form used by Ramu for buying provisions is given below:

From	*Ramu* **(Name of the receiver)**		**Ref. No.***(103 XII)*
To	*Modern Provision Store* **(Name of the supplier)**		**Date** 26-7-2021
Items	**Particulars/specifications**	**Quantity**	**Rate**
1)	Rice Sela-broken	5 kg	Rs. 30.00 per kg
2)	Rice Raw-broken	5 kg	Rs. 90.00 per kg
3)	Kabuli Chana	10 kg	Rs. 100.00 per kg
4)	Rajma Chitra	7 kg	Rs. 100.00 per kg

5)	Arhar dal	6 kg	Rs. 135:00 per kg
6)	Besan	5 kg	Rs. 180.00 per kg
7)	.....		
8)	.....		

Terms and conditions: Payment to be made against delivery at the school premises.

XYZ
Signature

It may be seen from these purchase orders that the supplier got clear instructions for the items to be supplied and also gave the terms about the delivery and payment. This also served as a checklist when the items were received.

Receiving: The items when received were checked with the purchase order and cash memo/invoice to ensure that the ordered items have been received in good condition. Payment was made only after the checking was done. The assistant cook was incharge at the receiving point. He physically checked the commodities against the invoice to ensure that the items stated in the invoice were actually received. The invoice was then cleared for making the payment to the supplier. Most of the time Ramu himself did the final checking of commodities when his cook brought the items from the mandi or when the items were delivered by the supplier at his premises.

Storing: The goods once received were properly stored in the store room. At this stage the assistant cook or the store incharge maintained a stock book. Ramu himself checked the stock book as well as store room once in a week. In stock register one page was allotted to each item. Left hand side of the page indicated receipt and right hand side of the page indicated issue and the balance left in the stock. An indication was also given about the lowest level of the commodity at which stock was to be replenished.

An example of a page of a stock book is given below:

Item Rice Sela

Date	Receipt kg	Issue kg	Balance kg
2.9.21	10	3	7
4.9.21	-	3	4
11.9.21	-	3	1
14.9.21	10	-	11
16.9.21	-	3	8
21.9.21	-	3	5
28.9.21		3	2
2.10.21	10		

XYZ
Signature

From this you may observe that Ramu purchased rice twice a month. He only bought sela rice and used it for making batter for idli, dosa and uttapam. The amount was issued once in a week. You may note that when the level of the stock of the rice came to 1-2 kg, Ramu replenished it. The quantity of the items received was entered in the register from the invoices and the quantity issued was entered as and when issued to the cook. A proper maintenance of the stock book with timely replenishment of the stock ensured uninterrupted supply of the raw materials to the cook and also helped to monitor the consumption of the raw materials.

Producing food: Ramu also kept the record of the items made in terms of yield and the number of portions prepared. This was essential to check the sales and left overs. To help him in the process Ramu kept systematic record of each day's menu and standardized recipes.

Sales record: In order to keep the record of daily sales, he preserved the carbon copy of the coupons sold to the consumers. As you know he used coupons of different colours for the different items. The coupons were brought against cash by each customer and were given- at the counter against which the items were delivered. After the day's work was over the total sales were checked with the help of carbon copies of coupons. Some sales were done on credit too, an account of which was maintained by Ramu separately. The leftovers were then assessed to check whether it could he incorporated in the next day's menu. If the quantity of leftovers was small, it was given to the employees for their consumption.

He finally prepared sales record for a month and year, which gave information about the number of customers served per day/per month and the total sales income in a day/month/year. A sample of a sales record used by Ramu is given below:

Sales record for a year

Month	Working days	No. of customers	Sales income
Jan.			
Feb.			
March			
April			
May			
June			
July			
Aug.			
Sept.			
Oct.			
Nov.			
Dec.			

Sales record for a month

Day	Date	No. of customers	Sales income
1st			
2nd			
3rd			
4th			
5th			
6th			
–			
–			
–			
–			

Thus you see that the records from the purchase to the sales helped Ramu to monitor his resources. The records also helped him to assess the situation periodically. Like Lakshmi, Ramu also transferred information from all these records to his account books i.e. cash book and ledger to get a clearcut picture (for details regarding cash book and ledger, refer to Unit 28, Case Study I).

Check Your Progress Exercise 1

1) Suresh is the incharge of purchasing, receiving, storing and issuing Of raw material in a school canteen. He came to know that one of his suppliers has quoted less price for fats and oils but actually charged more after delivery. In order to get the actual picture Suresh want to check his records. Can you tell which records should he check to get the idea of this discrepancy.

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2) Lakshman has opened a small canteen in a college? He wants to keep record of his sales income. What information will he need for this purpose?

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31.3 REVIEWING THE ACTUAL PERFORMANCE

Let us now see how Ramu assessed his performance. Like Lakshmi he also analysed sales and expenditure. Let us first look at the sales analysis of Ramu's canteen. Sales income as you know means the money he got from the sales of the items in the canteen. This helps to determine the trend of loss or profit in the canteen. Ramu checked the sales-income in each month and also at the end of the academic year. Why do you think he did so? Reviewing the situation in each month was essential to know the trend and also take adequate corrective steps, if necessary. The assessment of the sales income at the end of the academic year became necessary as the canteen was functioning according to the academic year and a review at the end of the year would give a more accurate picture of the financial position of the canteen.

Let us now review the sales situation in Ramu's canteen. For doing so we would give a closer look to the budget prepared by Ramu. He needed a capital of Rs. 30,000 initially to start his canteen. This included expenditure on food, labour and overheads for the first month. Ramu expected to generate funds for these recurring expenditure from the sales income for the subsequent month. He had predicted a sales income of Rs. 16,000 per month on the assumption that he would have 350 customers and that the canteen would be operational for 20 days a month and for 10 months in a year. He proposed to make items which would fetch him a sales income of Rs. 800 in a day. This sales income was not only to cover up the expenditure on food, labour, overheads and maintenance; but also to provide for profit on a decided margin. A portion of this profit was to be diverted to repay the loans.

Let us now peep into Ramu's account books/records to find whether he actually achieved his target or not. We will look at the monthly as well as yearly record of sales.

Monthly sales record: We will observe the sales record prepared by Ramu for the month of July (when he first started his canteen after summer vacations) as an example. Like this Ramu had kept sales record for other months also.

Table 31.1 gives the sales income in the month of July:

Table 31.1 : Sales income in the month of July

Day	Date	Sales Income
Wednesday	7th	745
Thursday	8th	750
Friday	9th	755
Monday	12th	760
Tuesday	13th	750
Wednesday	14th	765
Thursday	15th	765
Friday	16th	760
Monday	19th	760

Tuesday	20th	755
Wednesday	21st	770
Thursday	22nd	765
Friday	23rd	765
Monday	26th	770
Tuesday	27th	760
Wednesday	28th	775
Thursday	29th	765
Friday	30th	770
	Total	**Rs. 13,700 Only**

If you scrutinise the daily sales you will find that in the first few days of the month, the, sales were low compared to estimated sales of Rs. 800 in a day. As the month progressed the sales improved because the students got acquainted with the items offered by him and on some days he could achieve a sales income of Rs. 775, much near his estimated sales a day. If you study the sales pattern carefully you may observe that the sales are minimum on all Tuesdays. This is due to the fact that a few people were on fast that day. It is reflected in the sales of that day.

The daily sales record also shows that the maximum sales of Rs. 800 was never achieved giving indication that either all the expected 350 customers did not visit the canteen on any one day or the items expected to be sold in a day were never sold in full. Like this, sales records of other months were also maintained. It was found that expected sales income of Rs. 16,000 was not achieved even when the school canteen worked for 20 days and had an average of 350 customers in a day. This can be checked from the annual record of sales. Table 31.2 gives. the annual record of sales of Ramu's canteen for the first year.

The daily sales records also shows that maximum sales of Rs. 800 was never archieved giving indication that either all the expected 350 customers did not visit the canteen on any one day or the items expected to be sold in a day were never sold in full.

Like this, sales records of other months were also maintained. It was found that expected sales income of Rs.16,000 was not achieved even when the school canteen worked for 20 days and had an average of 350 customers in a day. This can be checked from the annual record of sales. Table 31.2 gives the annual record of sales of Ramu’s canteen for the first year.

Table 31.2: Sales record for a year in Ramu's canteen

Month	Working Days	No. of customers	Sales income
July	18	330	13,700
August	18	350	14,250
September	20	350	15,850
October	16	340	12,370
November	20	345	15,650

December	18	340	14,050
January	20	350	15,870
February	20	345	15,635
March	18	320	13,200
April	16	335	12,325
May	14	340	10,900
		Total	1,53,800

He compared the total sales income with the budget (refer Unit 29). Canteen was operational only for 198 days against the 200 days predicted. This variation was due to some additional holidays declared by the school other than the gazetted holidays, Sundays, Saturdays and vacations he had taken into account, while doing the planning. The number of customers that he expected to visit the canteen was on an average 350 per day. From the table you may observe that the number varied from 320-350. In July, the number of customers was 330 only. The lesser number can he attributed to the fact it was the first month only and the students were not familiar with the items served there. In the next month the number of customers rose to 350 as by that time he was able to establish a rapport with the students and the quality of food served in the canteen has also helped him to increase the sales.Thereafter the number of customers ranged from 340-350. In the month of March and April, there was a marked decline in the number of customers. The reason for which could be attributed to the fact that in these months examinations were being held and the students used to leave the school early after the examinations and were not staying in the school during the normal lunch break.

The number of working days in the table shows nearly an accurate prediction. This Ramu could do as he could get information about holidays from the school authorities. Schools very often make a calender of their academic year in advance, which gives the number of holidays and the number of working days in each month. The difference of two days was due to holidays declared at short notice by the educational department of the Government.

The table also gives the total sales income of every month. The monthly sales income ranged from Rs. 10,900 to 15,870. A sum of Rs. 15,870 could be collected in the month, when there were 20 working days and on an average 350 customers visited the canteen daily. It was as low as 10,900 when the number of working days were the least in a month. When the number of daily customers decreased to 230, the sales income also decreased to Rs. 13,200. Therefore, the decrease in the sales income in any month could be attributed to the lesser number of working days in the month or due to the reduced number of customers visiting the tanteen. It may he seen that Ramu was able to get these monthly sales income figures accurately as he systematically maintained a sales record every day. The sales proceedings in a day were reference to the coupons issued by him and were entered in the sales book, which helped him to calculate the month-wise sales income.

Let us evaluate the anomaly in sales more closely.

It is clear from the table that his sales income fell short of the projected Rs. 1,60,000 for the year, the sales income being only Rs. 1,53,850. This deviation could be attributed to two factors. While calculating the projected income, the rationale was that the sales income would be Rs. 800 each day and for 200 days the canteen would be working, making the total annual sales to Rs. 1,60,000. This amount was to be collected by catering to 350 customers, who on an average would be spending about Rs. 2.30 per person in a day.

From the table, it may be observed that the canteen was functional only for 198 days, 2 days less than the estimated 200 days of working, causing a decrease in the sales income by Rs. 1,600 (800 x 2). Further, on an average only 340 customers visited the canteen every day. This meant that about 10 expected customers did not visit the canteen for the 198 days when the canteen was open. But, while calculating the estimated sales income for the year, Ramu had taken that these 10 customers would also be visiting the canteen for the 200 days. The reduction in sales on, this account came to Rs. 4,600 (10x 200x 2.30). In this way the total reduction in sales came to Rs. 6,200 (Rs. 1,600 + Rs. 4,600).

So far we have analysed Ramu's sales income from direct sales of items prepared and sold in the canteen. Ramu generated income from other sources also. One such source *was sale of readymade items like cold drinks, chips, biscuits* etc. He earned profit from these items also (though margin of profit was less). For example he earned a profit of 20p per bottle on a crate of cold drink. Likewise he made some profit in the sale of items like chips, biscuits and sweets.

Another source of income was catering on school functions like school annual day and other occasions like school staff meeting. Though Ramu could not achieve his targeted sales income from the canteen he compensated it by catering on these occasions. If you look back at the contract with the school authorities, he was allowed or expected to undertake any catering that the school authorities would request. In that academic year, Ramu catered for a few staff meetings and for the school annual day celebrations. For the staff meetings, he was asked to serve tea and two snacks at the rates it was sold in the canteen. During the annual day he was to cater to the students and teachers a beverage and two snacks at the rate of Rs. 7 per person. Let us know see how much 'Ramu was able to get from catering on these special occasions.

During the year he catered a beverage and two snacks for 5 staff meetings for 60 staff members at Rs. 3.50 per person. Ramu normally served tea, samosa, or cutlet and a sweet-like besan burfi or a gujiya. Five such meetings for 60 staff members fetched an income of Rs. 1050.

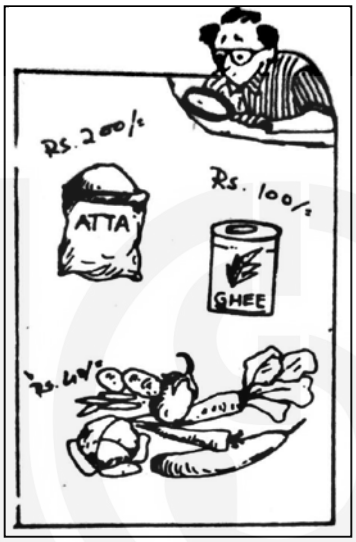
For the annual day function he was to cater to 1200 persons a beverage and two snacks. As the number was too large to be prepared in the canteen with his limited facilities, he bought the items from the market and catered to this group. He gave a cold drink, a samosa and a piece of cake to the students and staff as desired by the school authorities. The school authorities had given

him Rs. 7 per person for this catering, which enabled *him to get an additional sales income of Rs. 8400.*

Thus other than *the direct sales from the canteen, Ramu made an additional sales income of Rs. 9,450 (1050+8400)* by catering on these special occasions. Very often in a school one gets a chance to do additional catering for staff meetings, parent-teacher meetings, sports day, annual day, or seminars depending on the activity in the school and their policy to provide refreshments to the participants. Thus one can, not only run the canteen but also undertake any additional catering available.

31.3.2 Expenditure Analysis

We would now analyse expenditure to find whether his sales income was enough to cover all the expenditure he had to incur during the year. We will start with food cost first.



Food Cost Analysis:

Ramu analysed food cost on the basis of record maintained for the expenses incurred on the raw food materials. Each day he noted down the expenses from the invoice cash memos that came with the purchased items in case of perishables. For non-perishable items the cost of the items issued from the store was worked out. Such a record was important as in the canteen like any food service establishment, the raw food cost was the highest compared to other heads of expenditure. Therefore, a proper monitoring of food cost was essential to ensure cost control. The food cost analysis for the month July is given below in Table 31.3.

Table 31.3 : Food cost analysis for the month of July

Date	Cost of raw food (Rs.)	Percentage (%)
7th Wednesday	375.50	48
8th Thursday	367.50	49
9th Friday	390	51
10th Monday	377.50	50
13th Tuesday	367.50	49
14th Wednesday	367	48
15th Thursday	374	49
16th Friday	387	51
19th Monday	380	50
20th Tuesday	370	49
21st Wednesday	369	48
22nd Thursday	374.50	49
23rd Friday	390	51
26th Monday	382	50
27th Tuesday	372	49
28th Wednesday	369.50	48
29th Thursday	377	49
30th Friday	390	51
Total:	**Rs. 6041**	

If you observe the *above table* carefully you will find that the food cost varied from 48% to 51% in the month of July. Ramu found that yvhen items prepared in the canteen were sold, food cost was 48%; whereas on other days when readymade items were purchased from the market the food cost went up to 51%. But on an average Ramu was able to maintain 50% of sales price as the food cost. He was able to predict more or less accurately the number of portions of each item that would be sold and made necessary changes in the quantity of the items prepared thus minimizing the leftovers. For example on Tuesdays, he knew that the number of customers would be less due to a number of people remaining on fast and accordingly he made reduction in the quantity of the various items prepared. By such forthinking and from the experience gained, he made dishes only in amounts that could be sold on a particular day.

The food cost for the year was determined from the monthly food cost records. *The total food cost for the year was Rs. 76,131 which was about 49.5% of the sales income. The food cost of the items served in the staff meetings was Rs. 525 which was exactly 50% of his selling price. For the annual day the food cost came to Rs. 6,600. It was 78% of the selling price as most* of the items were purchased by him from the market.

Labour cost analysis: Ramu as you know employed one head cook, one assistant cook and three bearers: As mentioned earlier, he kept accurate record of wages paid, bonus and other facilities given to them.. Head cook was given a monthly salary of Rs. 1,000, the assistant cook Rs. 750 and bearer cum utility worker Rs. 300. In a month he had to spend a total of Rs. 2650 (1000 + 750 + 300 x 3) as salary. So he spent a total of Rs. 31,800 on labour in a year.

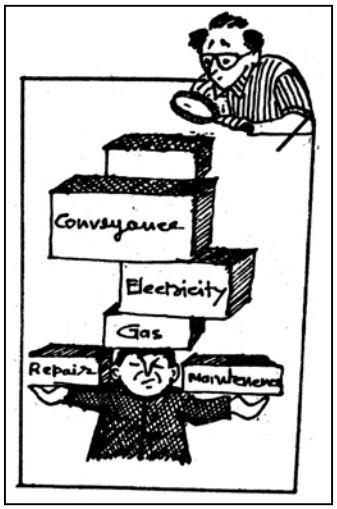
Other than this a sum of Rs. 250 was paid to regular employees for additional work in connection with the annual day and a sum of Rs. 200 was paid to casual labour. Finally Ramu calculated the total sum of money which was spent on labour by adding up all expenditure he made for this purpose.

Payment of wages to regular customer + Payment for additional work

By adding all these factors; total sum came to Rs. 32,250. Ramu also calculated labour cost percentage to make sure that expenditure on this head was within prescribed limits or not. As you would remember Ramu decided to spend 20% of his sales income on labour.

$$\text{Labour cost percentage} = \frac{\text{Labour cost} \times 100}{\text{sales income}}$$

$$= \frac{32{,}250 \times 100}{163{,}250} = 19.7\%.$$



Overhead and maintenance expenditure: The overhead expenditure included the actual expenses incurred for gas, electricity, conveyance, paper plates and paper napkins (for staff meeting) and other miscellaneous expenditure. The money for the maintenance was set aside for replacement of breakable items and for repair of electrical gadgets. He had the annual budget of Rs. 12,000 for overheads and Rs. 12,000 for maintenance. Like other expenditure heads, Ramu kept precise record of money spent on overheads and maintenance. He found that being the initial year when equipment was new, he had to spend much less on maintenance than expected, i.e. only Rs. 8,000 (annual). However, as he knew he might need to spend more money on maintenance later on, he kept aside the balance for future use. His records for overhead expenditure showed that he spent Rs. 11,300 in the whole year, (against the estimated 12,000). Here he attributed the savings to his being extra careful while using gas, electricity, water and other resources.

So far you have read how Ramu analysed his sales income and expenditure. Finally Ramu prepared a profit and loss statement (based on sales and expenditure analysis).

31.3.3 Making a Profit and Loss Statement

Like Lakshmi, Ramu also prepared profit and loss statement to get an idea of financial situation for the year. Given below is the profit and loss statement prepared by him for the initial year.

Expenditure	Rs.	Income	Rs.
Raw food cost in canteen	76,131	Sales from canteen	1,53,800
Food cost for staff meetings	525	Sales from staff meetings	1,050
Food cost for annual day	6,600	Annual day sales	8,400
Labour cost	32,250		
Overheads	11,300		
Maintenance	12,000		
Total Rs.	1,38,806	Total Rs.	163,250

Profit = income — expenditure
= Rs. 163,250 – Rs. 138,806
= Rs. 24,444

Estimated profit = Rs. 24,000

Can you comment on the financial situation of his canteen by looking at this profit and loss statement? Obviously, you can say that he is in a good financial state. He has earned profit, a little more than he estimated in his plans.

However, it is to be noted that he could achieve a profit more than estimated in his plans by undertaking the additional catering for the staff meetings and the annual day.

Check Your Progress Exercise 2

1) Lakshman is running a small tea shop in an office premises. He has regular customers who visit his shop and is able to earn the estimated sales income. However, due to some disturbance in the city, office remained closed for about 10 days and his sales income came down drastically in the month of January. What measure do you think should he adopt for improving the sales in the month of February to compensate for the loss.

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2) Asha and Lata are preparing profit and loss statement for their small-scale food service establishment. What information will they need for preparing such a statement? How will profit and loss statement help them in reviewing the performance of their establishment?

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31.4 ARE ANY CHANGES/CORRECTIVE MEASURES NECESSARY?

So far you have read that Ramu was able to achieve what he has set in his plans. This type of smooth operation was possible only because Ramu could effectively control the whole operation in the canteen through various measures or check lists.

Recap 10 presents list of various control measures.

Recap 10

The control measures adopted by Ramu in his canteen

The first point of control was at the stage of menu planning followed by controls at the stages of purchase, receiving, storing, producing, pricing, and selling:

1) Menu Planning

- Menu was based on the choice of customers.
- Cycle menu was adopted to accomodate variation in season.
- Precosting of menu was done to ensure that it was within the estimated food cost.

2) Purchasing

- Seasonably available raw food items were purchased.
- Most of the purchases were made from co-operative stores.
- Appropriate methods of purchase were adopted.
- Specifications were prescribed for each item to be purchased to avoid any kind of ambiguity.

3) Receiving

- Items were checked with reference to the invoice.
- Items were checked for quality and quantity.

4) Storing

- The items were sorted and kept in appropriate containers.
- First-in first-out system was followed.
- The store was kept and in order clean.
- Accurate records of receipt and issue were maintained.
- The store was kept locked to avoid pilferage etc.

5) Producing Food

In the production area the control measures used were:

- Standardized recipes were used.
- A production schedule was prepared and strictly followed.
- The portion size was correctly determined.
- Appropriate equipment were used to save labour and time.
- Wastage was prevented by giving proper training to the employees and using leftovers in the next day's menu.

6) Selling

- The items were preportioned. Standardized labels were used for the task.
- Coupons were used for sales.
- The number of items to be produced were accurately forecasted.

These control measures of checklists at all stages of operation helped Ramu to achieve his planned target in the first year of establishment of his canteen. However (as was in Lakshmi's case), Ramu will have to bring in suitable changes/modifications as and when needed. After reviewing the performance in the first year, Ramu realized that he:

- should give equal consideration to catering on school functions and staff meetings along with normal functioning of canteen.
- introduce new popular items in the canteen and improve the quality of already served items in the canteen in order to improve the sales.
- should keep scope for two to three days additional holidays while calculating the estimated budget for the year according to the list of working days provided by the school authorities.
- need not plan for 350 customers in a month uniformally in a year but take into consideration the fall in the number of customers in certain months due to various reasons.

- bring in suitable modifications in food cost percentage due to price rise or any other reasons.
- keep control or check measures for each stage of operation to keep expenditure within limit.

31.5 LEARNING FROM RAMU'S EXPERIENCE

In this case study, you have seen the three phases from which Ramu had to pass through in establishing the-canteen i.e. planning, execution and finally review of the performance.

Here, in this unit, you have learnt how Ramu was able to decide that the establishment has generated enough profit to repay back loans and have a reasonably good livelihood. He was able to say so only after he reviewed the actual performance of his establishment.

From Ramu's experience you would have realized that reviewing the performance involves:

— Maintaining accurate record of all transactions and operations of the establishment.
— Analysing the sales income and expenditure.
— Making a profit and loss statement.
— Reviewing the checklist or control measures adopted at each stage to find reasons for any discrepancy, if any.
— Finally, adopting the few corrective measures or changes if necessary to improve the functioning of the canteen.

31.6 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress Exercise 1

1) Suresh should check the purchase order form given to that supplier for the particular months and then compare it with the invoice received from him.

2) He should have the information regarding each day's menu, standardized recipe, items/dishes prepared in terms of yield and the number of portions prepared, number of working days in a month and year, number of regular and casual customers visiting each day.

Check Your Progress Exercise 2

1) For improving the sales of his shop Lakshman can adopt the following measures:

   - He can start additional catering for office meetings, if possible.
   - He can improve the quality of snacks served in the canteen to attract more customers.

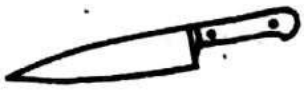
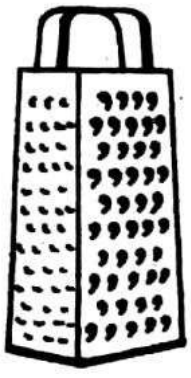
- He can introduce new, more popular snacks.
- He can employ a delivery boy and start providing room service if allowed.
- He can keep additional readymade things in shop for selling like cold drinks, chips, biscuits or cigarettes.

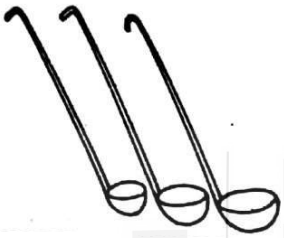
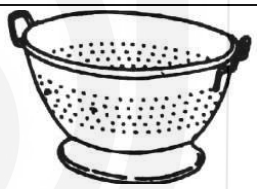
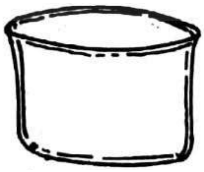
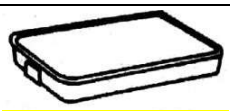
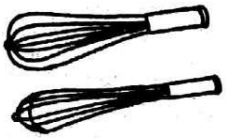
2) Asha and Lata would need to have the information regarding the expenditure they made of following heads over the year;

— raw food, labour (wages and other facilities), overhead (gas, electricity, water, conveyance and other miscellaneous expenditure) repair and maintenance. Along with the annual expenditure they should also calculate the annual sales income.

Profit and loss statement gives the oppurtunity to find whether the income is adequate enough to cover up all the expenditure and give a reasonable profit. In other words it helps in reviewing the performance of the establishment.

APPENDIX 9

	**FRENCH KNIFE OR CHEF'S KNIFE** Most frequently used knife for slicing, dicing, choping, and cutting. The shape makes it easier to cut : the tip is held against the cutting board and the knife is rocked up and down.
	**UTILITY KNIFE** It has a narrow, pointed knife, about 6-8 in long. It is used for cutting and preparing vegetables. It can also be used for carving cooked meat roasts.
	**PARING KNIFE** The blade is small about 2-3 in. long. It can be used for removing skins, peeling, trimming, and cutting fruits and vegetables.
	**SERRATED KNIFE** The knife has a long (10-14 in.) serrated blade. It is used for slicing breads and cutting baked items.
	**SLICER** It is a long slender knife, with a flexible blade. It is used for carving and slicing cooked meats. The long blade (12-14 in.) helps in carving large pieces of cooked meats.
	**COOK' FORK** It has two strong pointed prongs which are used for lifting, holding and turning meats and other solid items during preparation.
	**OFFSET SPATULA** It is a broad-bladed offset spatula. It is used for turning foods such as hamburger, pancakes, baked food. It can also be used for scraping giddle or grill surfaces.
	**STRAIGHT SPATULA** It has a long blade with a rounded end. It can be used for a variety of functions. e.g., spreading, mixing and scraping.
	**GRATER** This is a hand-operated grater. It is a four-sided metallic box with different sized grids. They come in different sizes. The grid surfaces may be used for shredding and grating items such as vegetables, cheese, coconut and fruit rinds.
	**VEGETABLE PEELER** It has a pointed end and slotted blade. It is used for peeling smaller quantities of vegetables and fruits. It can also be used for carving fruits and vegetables.

	**TONGS** These are used for picking up foods. The example shown is of spring-type tongs. There are some that are scissor-type tongs.
	**STRAINER** These are available in different sizes and shapes. They may have a screen-type mesh or perforations in the metal.
	**SPOONS : SLOTTED, PERFORATED AND SOLID** These are large sized- spoons used for stirring, mixing, separation and serving. Slotted and perforated spoons are used to remove foods from liquids.
	**LADLES** These utensils are most commonly used in foodservice. They have long stems and can be used for measuring, portioning, serving, mixing etc. They are available in a variety of sizes. The size is indicated on the handle.
	**SKIMMER** It is used for skimming foods from liquids, for removing solid pieces, from soups/stocks, for removing deep-fried items.
	**COLANDER** This is a large perforated bowl with handles. It is used to drain products and wash vegetables or fruits. It comes in different sizes.
	**VOLUME MEASURE** These are used for measuring liquids or dry ingredients. The usual sizes are pints, quarts, half-gallons, and galons. There are ridges on the sizes which mark a fourth of particular measure.
	**PATILA** This is a pan used for cooking food items. It is available in a variety of sizes.
	**KADAI** This is a bowl shaped utensil with handles. It is most commonly used for frying purposes. Alternatively it is also used for cooking vegetables. It is available in a variety of sizes.
	**BAKE PAN** This is a rectangular pan, about 2 in. deep, used for baking purposes. It may or may not have handles.
	**WIRE WHIPS** These are heavy wires fastened to a handle to form a loop which can be used for mixing, stirring, beating, whipping and thinning.

APPENDIX 10

Methods of Purchase

You have learnt that Lakshmi utilised different kinds of market i.e. wholesale, retail and co-operatives. In any of these purchase she would have to adopt a method of buying. When she went to the mandi she selected the vegetables in large quantity at the lowest price after surveying the market. This buying is called *informal buying*.

Very often you may not be able to go to the market and do the buying. So you send your assistant to do it. To ensure that he brings for you the specific items you desire, you give him a vivid description of items which is termed as specification. He uses this guideline to do the purchase. He may buy it from wholesale market or retail or co-operative *which is called informal buying*.

Let us now see how we select these markets. When we survey the market and choose the one that gives the item at lowest price or buy from the nearest shop or vendor it is called *informal buying*.

Very often when you do not have a person to go to the market to do the purchase, you have to rely on a person who would supply the items according to your specification. How would you select supplier? The selection of supplier is done through formal purchasing method. In this method you advertise your specification of items in a newspaper and invite quotations. This is called give a tender notice. An example of it is given in Chart 1.

Chart 1: Tender for supply of vegetables

Item	Specification	Qty. (Kg)	Rate per kg or per quotation
Potato	Hadavati, round	50	
Onion	Firm and dry	35	
Cauliflower	White with less stock	25	
Peas	Green, mature	30	
Tomato	Red, medium size	50	
Brinjal	Round approx. 150g each	20	

Date of submission:

Date of opening of tender:

Terms and conditions:

Potential suppliers then respond to the tender and submit their rates and terms and conditions in a sealed cover by a specific date. The bids are then publicly opened on the said date and quotation given to the lowest bidder who satisfies all conditions. Usually such type of purchase is done by institutions both governmental and non-governmental where they have to follow strict procedures. Such procedures usually take about 2-3 months,

This kind of method may not be feasible for people who have to take quick decisions. In such case the formal method is modified. Here you select some potential suppliers and give your specification to them asking them to submit

their quotation. The contract of supplying the items is then given to the person who had quoted the lowest rate and is willing to deliver it at your premises. Sometimes they also contain terms and conditions, which includes:

— willingness to take back if not according to specification.
— discount given.
— minimum period for order.
— provision of getting substitute.
— time and mode of delivery.

This form of buying may be referred to as semi-formal method of purchase.

Here you have seen that the method of purchase can be classified ay;

- Formal
- Semi-formal
- In-formal

You can now decide which is the most appropriate method of purchase for your establishment.

APPENDIX 11

Methods of Service

The style of service selected should be appropriate for a particular type of food service operation in meeting the objective.

The basic types of services are:

- Self-service — counter, free flow, buffet and drive-in.
- Tray service — centralised, decentralised.
- Table service.
- Portable.

Portable Service: In Lakshmi's case the method or style of service can be termed as *Portable meals*, in which she prepared the food items in her premises and delivered them at the office premises in a compact packable form. You observe such a type of service in Railway and Airlines catering. Now this kind of delivery system is becoming popular in office complexes also.

Self-service: In self-service style of delivery the customer is expected to help themselves from the counter where the food is displayed or kept. Self-service can be of four types

— counter, free flow, buffet and drive-in.

— In the *counter service* either the customer takes the food from the counter according to his need, or people behind the counter portion out the food items into the plate of the customer. The system by which the customer is allowed to take from the counter is often seen in industrial cafeteria where there is no restriction on the amount of food to be taken. In the traditional *counter service*, the food is portioned out by the person into the plate of the customer or sometimes the item is dished out at the counter itself. Such a style of service is seen in school and college hostels where the objective is to give pre-portioned menu items and to ensure that all get the food.

— In the *free flow system*, the counters serve specific items. The customer then goes to the counter from where he selects the items of his choice. Such a system is seen in fast food units, which may have separate counters for hamburger, cakes, pizza, ice creams, dosa, kulcha etc.

— In the *drive-in Service*, the customer is able to pick up the food items from the counter/ snack bar from his vehicle on cash payment. Such a service is seen in drive-in restaurants.

The above listed style of service is seen in food service establishments which produce and serve the food, in the same premises.

In such a situation the tray service is also applicable. What is tray service?

Tray Service: The tray service is adopted in an institution when the delivery of food is to be done within the premises but the dining area or the customer

is at a distance from the production area or are unable to move about, such as in hospitals.

— When the food of each patient is placed in a tray in the kitchen and delivered to the patient in bed by the use of trolley it is called *centralised tray service*. If the distance is great then the *bulk centralised system* is adopted. Here the food is sent in quantity sufficient for each ward, and the food is portioned out into trays in the ward.

— You will observe that in private wards, certain items like chapati, salad are cooked in the pantry so that it can be served at the right temperature. The food from the main kitchen is brought, reheated and assembled in trays and then delivered. This system is called *decentralised service*.

Table Service: Very often when you go toa restaurant you would be observing the table service by waiters. Generally there are four major styles of service — American, French, Russian and Banquet.

— In the American style, the customer is greeted by a hostess and the menu card is presented. Waiter takes the orders, places the necessary crockery and cutlery on the table, brings the food from the kitchen, serves the guest and also removes the soiled dishes. Here the food is portioned out into dinner plates in the kitchen itself.

— *French style* is very elaborate, where some preparation or final finishes to the dishes are given on a portable table by the Chief waiter and is served by assistant waiter. This type of service is very expensive, as it requires skilled people, extra space and is time consuming as each customer is given special attention.

— *Russian service* is most popular now because here the food is completely prepared and portioned in the kitchen. An adequate number of portions for the number of guest at the table is arranged in the platter. The waiter then serves a portion from the platter to the guest.

— In Family style, all food items are placed on the table, and each person takes what they want and passes it on to the other.

— In Banquet Service any of the style of service i.e. American or Russian is adopted by a large number of people served together. The waiters work as a team and serve a table of 8-10 people at a time. Such a service is seen in conferences and marriage parties.

You have now seen the different types of services, each being specific to the type of establishment. It is now for you to select the one most suitable for your establishment.