

<b>STANDARD OPERATING PROCEDURE</b>	<b>CODE: CF - 007</b>		<b>PAGE: 1 of 3</b>
	<b>EFFECTIVE:</b>		<b>UPDATE NO.: 0</b>
	<b>INITIATED BY: PRIMA CONSULTANT CO., LTD.</b>		<b>DEPT./SECTION:</b>
	<b>REVIEWED BY:</b>		
	<b>APPROVED BY:</b>		
	<b>SUBJECT:</b>		<b>POTENTIAL FOOD COST-BANQUET</b>

**OBJECTIVE:**

To achieve an appropriate profit margin and to ensure the operation is standardized and with minimum waste

**POLICY:**

1. A Function Sheet must be prepared for all banquets, stating the date and hour, name of the banquet room, number of guests, price charged, detailed menu and any other relevant details
2. The potential food cost for the banquet must be calculated in advance, and it must be ensured that appropriate pricing is charged accordingly
3. Potential food cost and actual food cost must be compared and any significant variance should be formally explained

**PROCEDURE:**

1. The contents of the menu are decided beforehand with customers with a prearranged standard menu for breakfast, lunch, dinner, buffet, and wedding receptions. In these cases, a standard recipe must be prepared in the same manner as those for a restaurant. The potential food cost for each course menu must also be calculated. These costing must be attached with the banquet sheets.
2. For a special order outside the standard menu, the special banquet menu should be presented to the Cost Controller at least one day before the banquet is held in order to calculate the food cost in advance.
3. When receiving said Function Sheet, the Cost Controller must calculate the food cost for one serving by using the same method of computing the potential food cost of a restaurant. If special dishes are ordered which do not already have a prepared standard recipe, the Executive Chef must be requested to prepare the standard recipe to calculate the food cost.

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If the cost calculation cannot be performed because the standard recipe is not available, a dish with similar main materials should be used as reference to calculate the cost

4. If the food cost for one serving is high in comparison with the sales price, the Banquet Manager and the Food and Beverage Manager must be notified by writing. In order to improve the cost ratio, the materials used must be changed to lower the cost, and/or the selling price increased. If the menu or the selling price are adjusted, a revised Function Sheet must be prepared and submitted to the Cost Controller.
5. When the banquet is finished and the sales recorded, the Cost Controller will apply the cost ratio which has been calculated for each banquet in advance to the respective sales, and calculate the total food cost for the banquet.
6. If there is a difference between the guaranteed number of guests (prepared number of meals) and the actual number of guests, the Banquet Manager must be requested to clarify the situation.
7. The food sales and food cost are accumulated for all banquets during the month, and the potential food cost and the potential cost ratio are calculated for that period. When the potential food cost and actual food cost are compared, the difference should be within 2 percent.
8. Any significant difference between the potential food cost and the actual food cost as a result of the analysis should be investigated and explained. The explanations may include:
  - Sales discount or sales adjustment
  - Unrecorded sales
  - Loss arising from the cooking process
  - Standardized procedures from material purchase to cooking are not followed

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9. Unlike a restaurant, banquets do not necessarily have trends and are affected by seasonal events such as wedding seasons, convention seasons, and Christmas parties, with customers able to choose from a wide variety of menus. Accordingly, monthly banquet target food cost should be determined by referring to the previous year's actual food cost results and the potential food cost of each menu.

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**Chief Accountant**

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**Date**

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**Financial Controller**

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**Date**

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**Director of Finance**

\_\_\_\_\_  
**Date**