

through the establishment in a logical manner. Some operations count everything in the kitchen, while others estimate the amount for a few items, such as spices. When the physical inventory is complete, the counts are turned over to the manager. Because restaurant and foodservice operations are dynamic in nature, the physical inventory and perpetual inventory will most likely not match completely. The manager will request a recount of any areas with large discrepancies. FIFO calculates the value of inventory using the latest price paid for the item. LIFO calculates the value of inventory using the oldest price paid for the item. Averaged price is a composite of all prices paid averaged and the average price used to calculate the value of the inventory. Actual price calculates the value of the inventory based on the actual price listed on the inventory of all items.

5. Describe the issuing process, including issuing beverages.

Direct issue items are placed directly into product and are charged to food cost as they are received by the operations. Items that are placed in stores are considered part of the inventory until issued for use. The process starts with filling out a requisition, a form which lists the items and quantities needed from the stores area. Each requisition should be reviewed and approved by a manager. The requisition is then given to the storeroom and filled. Bartenders also log every product emptied (aka "breakage") on the requisition form and normally issue a replacement bottle based on the bar par.

APPLICATION EXERCISE



Part 1

The following are inventory figures for the White Pearl restaurant:

Physical inventory, March 1	\$ 2,900
Physical inventory, March 31	\$ 3,000
Total invoices dated March 1–31	\$16,000

1. What was the monthly cost of food sold in dollars for this operation?
2. What was the inventory turnover rate for March?

Part 2

Bruce was recently hired as a receiving clerk for the White Pearl restaurant. He has a PO for three bags (40 pounds each) of Russet potatoes, 9 boxes of "Perry" brand napkins (1,000 napkins per box), and three packs of beef loins (50 pounds per pack). Bruce went to the receiving dock excited about the first receiving task at his new job. He weighed one of the bags of potatoes and the weight was correct. He decided that all bags looked alike and did not

weigh the other two bags. He also did not check the label of potatoes, which read "Yukon Gold Yellow Potatoes."

Then Bruce moved to the meat. He did not remove the meat packs from their boxes. Instead, he weighed all three packs and the boxes together and recorded the weight as net product weight. There was also a bloody leak under one of the boxes but the pack looked intact to him. The delivery driver was in a hurry to make another delivery, so Bruce let the driver help with moving items into the storage area. The invoice indicated six boxes of "Curly" napkins (at 1,500 napkins per box). Bruce signed the invoice and waved goodbye to the driver. Content with his first receiving job, Bruce recorded the items into the system and sent a copy of the invoice to accounting.

1. Identify and discuss in detail at least three mistakes Bruce made during the receiving process.
2. What are some of the corrective actions that Bruce could have undertaken during the delivery of items? Explain.