



CHAPTER 8

ISSUING CONTROL

LEARNING OBJECTIVES

After completing this chapter learners would be able to:

- (i) Understand the facilities provided in the store department
- (ii) How to price the commodities
- (iii) Understand the stock records and how to issue them
- (iv) Understand the storage and issue of beverages

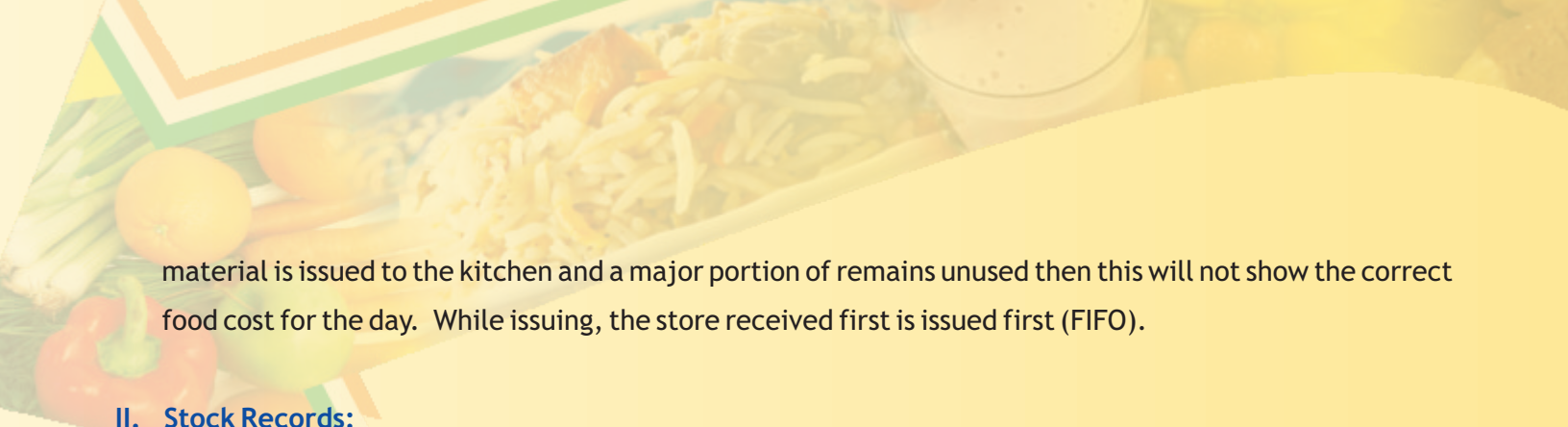
I. Storing and Issuing of Items:

The storage facilities, space, availability of working capital, management policy, future rates of commodities, shelf life, time taken in delivering the goods by suppliers etc. are the main factors which determine whether supplies will be delivered on daily basis, weekly basis or on monthly or seasonal basis. The perishable items may be purchased more frequently as compare to non perishable items.

A large hotel would have separate cold rooms to store different items at different temperatures. The perishable and frozen items should be stored at the most appropriate temperature and environment so that the freshness of the products remains intact. The smaller hotels may have freezers and deep freezers instead of cold rooms depending upon the space available and the quantity of stock stored.

The modern cold rooms and refrigerators have automatic defrosting facilities and the auto cut maintains certain temperature at all times. The cold rooms and refrigerators must be efficient so that power consumption is kept under check.

Different type of food stuffs are either send to different stores or in the different sections of the same store or to the kitchens directly. Perishable items are sending straight to kitchens but the non-perishable items are stored in the general store. Frozen stuff and some perishable items find their way to cold stores / refrigerators / deep freezers. The food items issued to kitchens against requisitions should be charged to the kitchen for the purpose of calculating food cost. In case a large quantity of raw



material is issued to the kitchen and a major portion of remains unused then this will not show the correct food cost for the day. While issuing, the store received first is issued first (FIFO).

II. Stock Records:

Goods received are first recorded by receiving department in Goods Received Register. Once the stock is transferred to stores then it is recorded in Bin Cards and Stock Cards. Apart from maintaining Bin Cards and Stock Cards the Stock taking is also done by the officials of accounts department, control department and food and beverage department at least once in a month. These all ensure that the control of stock is properly maintained and the inventory in physical form is comparable to the inventory as per Bin Cards. For calculating the stock cost, the management normally calculates the stock value either at procurement (Purchase cost + Carriage Inwards + Commission, etc.) or the current price which ever is higher.

III. Stores Issues:

The goods received in stores are kept at proper place so that they can be counted / weighed without delay while issuing to the departments against requisitions. It is a saying that to have an efficient store there should be place for every commodity and every commodity should be at proper place. The stores received first are issue before (FIFO). While opening boxes the cans and bottles should be checked. If any can is damaged it should not be accepted. The swelled cans usually contain contaminated food and due to the gas the cans swell. The cracked bottles should not be accepted and these rejected items should be sent back to the suppliers.

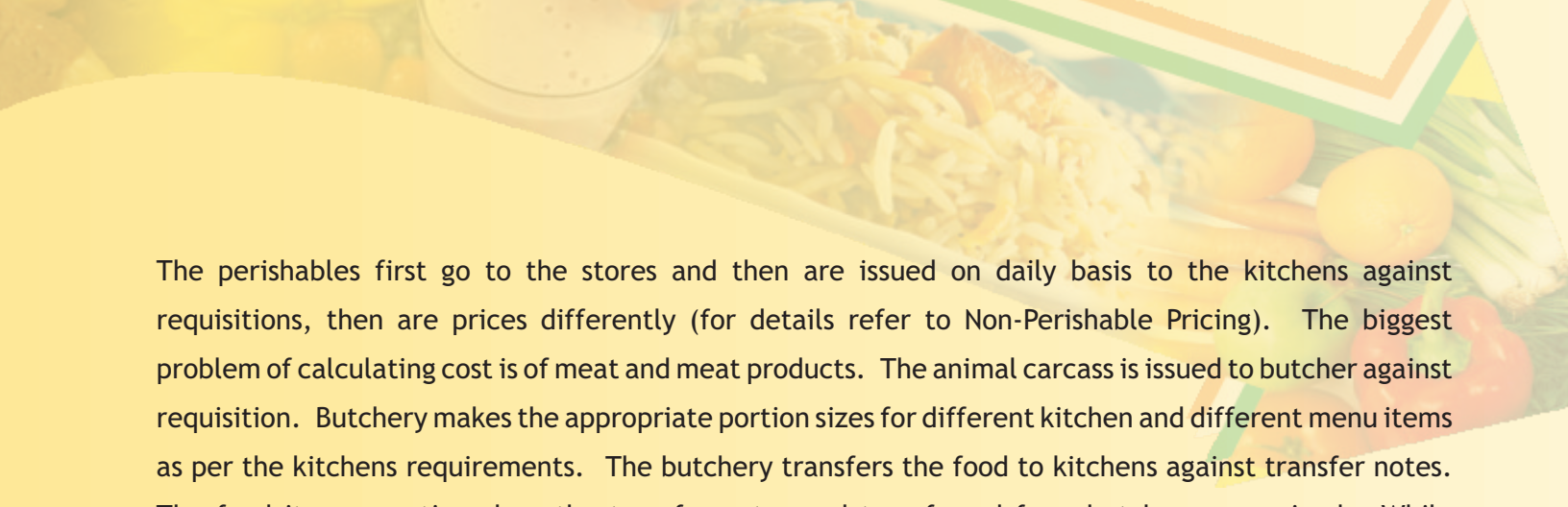
IV. Pricing of Commodities:

All food items issued to departments should be fairly charged for calculating food cost. Food cost is a very vital tool of evaluating kitchens efficiency and management gives a lot of importance to the food cost.

The method of pricing the food issued depends on the type of commodity. The commodities can be broadly divided into Perishables and Non-Perishables,

V. Perishables:

Almost all perishable commodities directly go to the kitchen and are priced at actual purchase price.



The perishables first go to the stores and then are issued on daily basis to the kitchens against requisitions, then are priced differently (for details refer to Non-Perishable Pricing). The biggest problem of calculating cost is of meat and meat products. The animal carcass is issued to butcher against requisition. Butchery makes the appropriate portion sizes for different kitchen and different menu items as per the kitchens requirements. The butchery transfers the food to kitchens against transfer notes. The food items mentioned on the transfer notes and transferred from butchery are priced. While calculating the price of meat products the butchery keeps in mind the wastage and the actual yield is priced for control and costing purpose.

VI. Non-Perishable:

In case of Non-Perishable items there are several different methods to price the items / commodities. But only one of the methods is adopted to price the commodities.

The following are the different methods for pricing Non-Perishables:

1. Procurement Price / Purchase Price:

The Procurement price of an item may or may not be same as purchase price. In case goods are purchased through agent or the supplier is quoting price ex show room / store then the hotel is required to pay the commission to the agent and carriage inward charges for transporting the goods to the hotel. For majority of the consumable items which is usually consumed within a day or two of purchasing are usually charged on purchase price for calculating food cost.

2. Average Price:

In case the price of an item fluctuates very frequently and every time it is purchased, the price may be different than the price paid, may be, a day before. These items when issued to departments against requisitions are charged while calculating the average price paid for the item. This ensures more stability in the issue price of the commodities and hence does not affect adversely on the food cost.

3. Weighted Average Price:

The weighted average of the items is calculated to have more stability in issue price as compare to Average Price. For example if 100 packets of mushrooms are purchased at the price of Rs. 8 per packet and 400 packets of mushrooms are purchased at the price of Rs. 7. Then the Weighted Average Price will be $100 \times 8 + 400 \times 7$ divided by 500 to know the price per packet. This will come to $\text{Rs. } 800 + \text{Rs. } 2,800 = \text{Rs. } 3,600$ divided by 500 = Rs. 7.20 per packet.



4. LIFO:

When the market fluctuates very frequently and the management wants to charge the latest price of the commodity even when the goods received first are issued first (FIFO). But in case latest price is less than the first price then the price paid for the commodities is charged to department issued stores.

5. FIFO:

This means the goods purchased first will be issued first and also the same price will be charged while issuing stores.

6. Higher Price:

The price debited to the departments while issuing stores is more than the price paid by the hotel for procuring the goods. This is done to cover the store and purchasing cost of the product.

7. Standard Price:

Irrespective of the price paid for procuring the commodities but the price charged is fixed by the management. Usually the management fixes the price of a commodity for a certain period, say, three to six months and the same price is charged to departments while issuing commodities against requisition. This helps in maintaining the food cost irrespective of the market price.

VII. STORAGE OF BEVERAGES AND ITS ISSUING

The frequency of beverage deliveries depends upon the location and type of the hotel and the size of its storage facilities. The storage facilities at cellars and bars are to be carefully analysed. The cellars / beverage store rooms should be closer to the receiving department. Transferring of beverages from receiving department to stores and from stores to bars must be done carefully so that the pilferage of bottles may not take place.

As far as possible the cellar should be divided into four parts:

1. Red Wines and Spirits:

Red wines and spirits should be stored at 55 degree Fahrenheit / 13 degree Centigrade. This part of the store rooms should be dry and draught free.

2. White Wine and Sparkling Wines:

White wines and sparkling wines should be stored at a cooler place and the temperature of this area should be 50 degree Fahrenheit / 10 degree Centigrade.

3. Beers and Soft Drinks:

Beers and soft drinks should be stored at 55 degree Fahrenheit / 13 degree Centigrade.

4. Empty Bottles:

For storing empty bottles and crates a separate exclusive space should be marked and this area should not have an easy access by the staff for control purposes.

The wines should be stored in tilting form so that the corks remain moist at all times. This prevents corks becoming dry and that makes the wines corky.

VIII.STOCK RECORDS FOR BEVERAGES:


Keeping in view the high value of alcoholic beverages procured, received, transferred to stores / cellars and then finally issued to bars against requisition is done more carefully then food items.

1. Cellar Inwards Book:

All alcoholic beverages received are recorded in the book called, 'Cellar Inwards Book'. From the cellars inwards book, the receipts are recorded to the bin cards and stock ledger.

CELLAR INWARDS BOOK

Date						
Date	Items	Invoice / Delivery No	Bin No.	Size	Bottles	Remarks



Receiving Clerk			Head Store Man			

2. Bin Cards / Stock Cards:

These cards are quite similar to bin cards used for food stores.

3. Cellar Control:

All beverages received (from receiving department) and issued to bars against requisitions are entered in the register called daily issues register. This information is also recorded in the bin cards / stock cards for cross check. The bottles are issued to the bars kitchen against requisition slips. All issues are priced at either the purchase price or at any other price fixed by the management (for details of pricing please refer to the notes of pricing of non-perishable items).

4. Inventory:

The inventory of cellars / stores as well as all bars must be taken very regularly and if possible on daily basis. Physically all bottles, cans, etc, should be checked and counted. The open bottles in the bars should be measured to know the exact quantity of drinks in the bar for control purposes.

5. Empty Bottles:

Usually hotel pays security for empty bottles, racks, crates, etc to the suppliers. A strict control on the movement of these is kept. Stores issue fresh bottles, crates against the empty bottles, crates, etc. While taking inventory of bars / stores the control department also checks the empty bottles, racks, crates, etc.

6. Breakages:

If breakage is due to negligence in transferring / handling, then it is charged to the responsible person. In case, if the breakage is due to, beyond human control, then the bottle broken is written off. The control department takes along with them the sealed bottles neck as a proof. In case a loose bottle is broken then the bar man is charged for the same.

7. Corky Wines:

Corky wines are also termed as Ullage. Due to bad storing or due to fault in cork air is able to find its way to the wine bottle. This air makes the wine corky. Corky means the wine is not suitable for consumption due to change in its taste. The corky wines are cancelled and shown in the breakage / spoilage records by the control department.

8. Level of Stock:

The level of stock should depend upon the size of cellar, working capital available, future price of the beverages, management policy, and time taken by the suppliers to supply the products. The location and size of the hotel also has an impact on the level of stock of beverages.

SUMMARY / RECAPITULATION:

1. The goods received first are issued first (FIFO)
2. LIFO - means while pricing the last goods received are expensive as compare to goods received earlier then they should be priced for costing purposes as per the last cost price.

ANSWER THE QUESTIONS:

- Q1. (a) What are the different records used for maintenance of stocks?
(b) How is pricing of foods carried out?
- Q2. Why is requisition an essential part of issue control? Explain
- Q3. What are the different ways that stocks can be valued in a Food and Beverage Service operation?
- Q4. Explain briefly the following: (a) Bin Card (b) Meat Tag (c) Re Order level (d) Standard Yield (e) Economic Order Quality
- Q5. What is Pricing of issues? What are the different methods of pricing of issues?
- Q6. What are the objectives of storing control? List 10 points of care and maintenance of cold room.
- Q7. Write briefly on: (a) Transfer Note (b) Layout of stores (c) Stock levels (d) Stock records.

