



National Unit Specification

General information

Unit title: Hospitality Costing (SCQF level 5)

Unit code: J1NM 45

Superclass: NA

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Version: 02

Unit purpose

This unit is designed to enable learners to develop the knowledge and skills necessary to carry out a range of basic costing calculations related to operations in the hospitality industry.

Learners will explore all elements of cost relating to hospitality operations including costing of recipes, calculation of selling prices, and gross and net income. While this unit focuses on food and beverages, it will also introduce learners to other elements such as labour and overheads costs.

This unit is suitable for learners who:

- ◆ Are undertaking the study of this subject for the first time
- ◆ Wish to progress within the hospitality industry

This unit is mandatory in the National Certificate (NC) in Hospitality Operations at SCQF level 5 and the NC in Professional Cookery at SCQF level 6. It can also be delivered as a stand-alone unit.

This unit is also part of a progressive suite of units relating to finance in the hospitality industry at SCQF levels 5–8.

On successful completion of this unit, learners may wish to progress to the unit *Costs and Control in Hospitality* at SCQF level 6 seek a position in industry, apply for promotion in the industry or investigate the possibilities of starting a business.

National Unit Specification: General information (cont)

Unit title: Hospitality Costing (SCQF level 5)

Outcomes

On successful completion of the unit the learner will be able to:

- 1 Calculate and compare the costs of ingredients, including food and/or beverages.
- 2 Calculate the cost of recipes and the selling prices of dishes or beverages from given information.
- 3 Identify and calculate the relevant elements of costs related to hospitality operations.
- 4 Determine the gross and net income available from a range of hospitality operations.

Credit points and level

1 National Unit credit at SCQF level 5 (6 SCQF credit points at SCQF level 5)

Recommended entry to the unit

While entry is at the discretion of the centre, learners will benefit from having attained:

- ◆ A National Course or National Units at SCQF level 4 in Hospitality
- ◆ A National Unit in *Numeracy* at SCQF level 4
- ◆ Similar qualifications/experience of working with numbers
- ◆ Experience of working in the hospitality industry

Core Skills

Achievement of this Unit gives automatic certification of the following Core Skills component:

Core Skill component	Critical Thinking at SCQF level 4 Using Number at SCQF level 5
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There are also opportunities to develop aspects of Core Skills which are highlighted in the Support Notes of this Unit specification.

Context for delivery

If this unit is delivered as part of a group award, it is recommended that it should be taught and assessed within the subject area of the group award to which it contributes.

The Assessment Support Pack (ASP) for this unit provides assessment and marking guidelines that exemplify the national standard for achievement. It is a valid, reliable and practicable assessment. Centres wishing to develop their own assessments should refer to the ASP to ensure a comparable standard. A list of existing ASPs is available to download from SQA's website (<http://www.sqa.org.uk/sqa/46233.2769.html>)

Equality and inclusion

This unit specification has been designed to ensure that there are no unnecessary barriers to learning or assessment. The individual needs of learners should be taken into account when

planning learning experiences, selecting assessment methods or considering alternative evidence.

Further advice can be found on our website www.sqa.org.uk/assessmentarrangements.

National Unit Specification: Statement of standards

Unit title: Hospitality Costing (SCQF level 5)

Acceptable performance in this unit will be the satisfactory achievement of the standards set out in this part of the unit specification. All sections of the statement of standards are mandatory and cannot be altered without reference to SQA.

Outcome 1

Calculate and compare the costs of ingredients, including food and/or beverages.

Performance criteria

- (a) Calculate the costs of raw ingredients used in recipes including food, alcoholic and non-alcoholic beverages
- (b) Calculate the costs of part prepared ingredients used in recipes, including food, alcoholic and non-alcoholic beverages
- (c) Calculate the costs of ready for consumption ingredients used in recipes, including food, alcoholic and non-alcoholic beverages
- (d) Compare these costs and make recommendations in relation to given scenarios

Outcome 2

Calculate the cost of recipes and the selling prices of dishes or beverages from given information.

Performance criteria

- (a) Calculate the costs of individual ingredients for given recipes
- (b) Calculate the total costs of given recipes
- (c) State the cost per portion of given recipes
- (d) Calculate the selling price of individual dishes or beverages to meet a required gross income percentage (%)
- (e) Add the current standard rate of VAT to selling prices to give the price to the customer

Outcome 3

Identify and calculate the relevant elements of costs related to hospitality operations.

Performance criteria

- (a) Identify the three elements of cost in hospitality operations
- (b) Identify the components of food and beverage costs in hospitality operations
- (c) Identify the components of labour costs in hospitality operations
- (d) Identify the components of overhead costs in hospitality operations
- (e) Calculate the totals of each of the elements of costs

National Unit Specification: Statement of standards (cont)

Unit title: Hospitality Costing (SCQF level 5)

Outcome 4

Determine the gross and net income available from a range of hospitality operations.

Performance criteria

- (a) Using the appropriate element(s) of costs, determine the gross income available in a range of hospitality operations
- (b) Using the appropriate element(s) of costs, determine the net income available in a range of hospitality operations
- (c) Express each of the elements of costs and incomes as a percentage of the sales for a given period in a range of hospitality operations

National Unit Specification: Statement of standards (cont)

Unit title: Hospitality Costing (SCQF level 5)

Evidence requirements for this unit

Evidence is required to demonstrate that learners have achieved all outcomes and performance criteria.

Outcome 1

Evidence for performance criteria (a), (b) and (c) should demonstrate the learner's ability to accurately calculate the costs of ingredients used in recipes for food dishes and/or alcoholic and non-alcoholic beverages. Ingredients to include:

- ◆ Raw/unprepared ingredients
- ◆ Part prepared ingredients
- ◆ Ready for consumption ingredients

Evidence for performance criteria (d) should demonstrate the learner's understanding of factors affecting the choice of ingredients as appropriate to two given scenarios. To include:

- ◆ Food and beverage costs
- ◆ Customer preference
- ◆ Seasonality
- ◆ Staff skills
- ◆ Storage and purchasing requirements

Outcome 2

Evidence for this outcome should demonstrate the learner's ability to:

- ◆ Calculate the costs of a food or beverage (either alcoholic or non-alcoholic) recipe containing minimum three ingredients
- ◆ Determine the selling price for an individual dish or beverage, including VAT at the current rate, to achieve a given gross income

Outcomes 3 and 4

Evidence for both of these outcomes should demonstrate the learner's ability to:

- ◆ Identify appropriate elements of costs in hospitality operations
- ◆ Identify the components of food and beverage, labour and overhead costs
- ◆ Calculate the totals of each of the elements of costs
- ◆ Calculate accurate gross and net incomes from two different scenarios
- ◆ Calculate the appropriate percentages relating to costs



National Unit Support Notes

Unit title: Hospitality Costing (SCQF level 5)

Unit support notes are offered as guidance and are not mandatory.

While the exact time allocated to this unit is at the discretion of the centre, the notional design length is 40 hours.

Guidance on the content and context for this unit

This unit should begin with a general overview of the variety of organisations currently operating in the hospitality industry. It should be remembered that some learners' experience of hospitality organisations might be limited therefore; they should ideally be exposed to 'real life' hospitality operations. At the very least, learners should be given the opportunity to examine a wide variety of current menu offerings, including food, alcoholic and non-alcoholic beverages from a range of outlets to include, for example:

- ◆ Fast food outlets
- ◆ Bistro style cafés
- ◆ Restaurants style operations
- ◆ Industrial/subsidised canteens

For Outcome 1

The ideal types of ingredients for the calculations are:

- ◆ Food, ie:
 - Meat, fish or poultry
 - Bought on the bone, boned, pre-portioned and ready cooked
- ◆ Beverages, ie:
 - Coffees
 - Teas
 - Alcoholic and non-alcoholic drinks (including cocktails)

The range used in both food and beverages should present ample illustration of the losses incurred when using fresh produce in general. This should be linked with the preparation of food and beverages encountered in other units within a group award.

Emphasis should be given to the accepted legal measurement used for the service of wines, spirits and other beverages.

Learners should be provided with information required to calculate the current prices involved in using each of these products, resulting in realistic comparisons.

National Unit Support Notes (cont)

Unit title: Hospitality Costing (SCQF level 5)

When comparing costs and considering recommendations, learners should be provided with short case studies setting the scene and providing enough information to allow them to take into consideration:

- ◆ Customer expectation
- ◆ Staff skills
- ◆ Seasonality
- ◆ Available storage
- ◆ Purchasing power

For Outcome 2

Realistic recipe costing exercises could be carried out using current price lists and popular dishes/beverages. This could also be related to recipes being produced in practical cookery classes or beverages prepared in food and beverage operations units.

When calculating selling prices, learners should explore the effects of different gross income percentages being applied in different scenarios, ie, 65%, 70% and 75%.

The skills involved should include the use of whole numbers, decimals, percentages, multiplication and division.

For Outcomes 3 and 4

Discussion should centre around the different elements/components of costs associated with hospitality operations.

For food and/or beverage costs, this should include:

- ◆ Stocks
- ◆ Purchases
- ◆ Returns
- ◆ Staff meals/beverages in a variety of operations

This is an ideal opportunity to introduce control measures such as portion control, stock control, wastage and spoilage, etc.

For labour costs should include:

- ◆ Salaries and wages
- ◆ Zero hours contracts
- ◆ Staff meals
- ◆ Staff uniforms
- ◆ staff transport

For overhead costs should include:

- ◆ Mortgages/rent
- ◆ Utilities
- ◆ Council taxes

Calculations should include a minimum of two of each of these elements of costs.

National Unit Support Notes (cont)

Unit title: Hospitality Costing (SCQF level 5)

Learners should be presented with a selection of case studies which provide opportunities to identify and calculate costs and incomes in £s and %. They should be encouraged to discuss the different costs in each of these case studies.

Identification of control measure that could improve the net income of a range of hospitality operations could also be discussed.

Guidance on approaches to delivery of this unit

The emphasis of this unit should be on practical work involving exercises and discussion, using spreadsheets where appropriate.

Learners should be allowed access to calculators, phones and other appliances as used in everyday calculations.

This unit should be delivered in a teaching classroom. Access to IT is recommended for the purposes of learner centred research into the costs involved in providing local hospitality operations.

Cognisance should be given to the possible lack of personal experience of learners throughout the delivery.

If possible, and in conjunction with other units delivered in a hospitality/events/professional cookery group awards, learners should visit a variety of local hospitality organisations. This will help learners to relate the knowledge gained in this unit to real life situations throughout.

Outcomes 1 and 2 should be delivered separately and delivery of Outcomes 3 and 4 integrated.

Outcome 1 could be introduced via group discussions on experience of using meat, poultry and fish bought on the bone, boned, pre-portioned and ready cooked, either at home, in industry or in training.

The use of coffee beans, ground coffee, instant coffee, fresh fruit, pressed fruit, fruit concentrate, fresh cocktails and pre-mixed cocktails could also be discussed. Reference should also be made to dishes/beverages made in any practical lessons delivered in professional cookery and/or food and beverage operations units.

Learners should be provided with short case studies providing examples of products that:

- (a) Lose weight in preparation
- (b) Lose weight in cooking

Current prices from wholesalers and local suppliers (supermarkets) should be used to calculate the costs involved in arriving at the real price per kilogramme. Learners should be encouraged to research the prices of an agreed range of products *or* product details could be provided for them to allow for realistic comparisons to be made.

National Unit Support Notes (cont)

Unit title: Hospitality Costing (SCQF level 5)

When introducing the concept of making recommendations based on cost comparisons, learners should be encouraged to work in teams to create a list of factors to be considered when deciding on which products to recommend for a variety of operations. Each team could be presented with case studies covering the following details:

- ◆ Style of operation
- ◆ Size of operation
- ◆ Location
- ◆ Capacity
- ◆ Number of staff
- ◆ Staff experience/qualifications
- ◆ Customer profile, including average spend

Teams could then present their recommendations to the other groups for discussion/comment/peer review. At the end of this exercise, learners should then have a comprehensive list of points to consider when making their decisions/choices/recommendations.

For **Outcome 2**, popular recipes for both food dishes and beverages should be provided together with realistic price lists. Ideally, these recipes should relate to practical lessons being delivered in cookery/food and beverage operations classes as part of a group award. These recipes could be incorporated into a logbook maintained by learners, which include:

- ◆ Large and small quantities of solids and liquids
- ◆ A range of portions from 4 to 100
- ◆ A minimum of 3 ingredients in each recipe
- ◆ Dishes which can be served over the course of a day including breakfast, lunch, dinner and snacks

Learners should be introduced to the concept of gross income and how different types of operators decide on an appropriate/realistic/achievable target % taking account of:

- ◆ What other costs might they have to pay from this gross income?
- ◆ Is there a limit to what a customer will be willing to pay?
- ◆ What are the competitors charging?

When calculating selling prices, learners should explore the effect of applying different gross income percentages to the same dishes/beverages in different scenarios ie, 65%, 70% and 75%.

The skills involved should include the use of whole numbers, decimals, percentages, multiplication and division. Learners may use calculators, phones and other devices, as in daily life.

National Unit Support Notes (cont)

Unit title: Hospitality Costing (SCQF level 5)

For **Outcomes 3 and 4**, when introducing the topics of elements of cost and gross/net, learners should be exposed to all three elements of cost involved in any hospitality operation, ie:

- ◆ Cost of sales (ie, food and beverage)
- ◆ Labour
- ◆ Overheads

This should build a picture of real life business where the turnover accurately reflects on the gross and net income that any owner/manager can expect to walk away with on a regular basis.

Discussion should centre around the following areas and how they impact on gross and net income in a variety of operations including fast food, bistro style café, industrial/subsidised canteens and restaurants:

- ◆ Cost of sales, could include:
 - Direct food and beverage costs involved in stocks of goods
 - Cash and credit purchases
 - Returns
 - Staff meals and beverages
 - Any wastage incurred
- ◆ Labour costs, could include:
 - Salaries
 - Wages
 - Zero hours contracts
 - Staff meals
 - Staff uniforms
 - Staff transport costs
- ◆ Overheads, could include (as a minimum):
 - Mortgage payments
 - Rent
 - Utilities
 - Council taxes

Learners should be presented with a variety of case studies/exercises that involve a list of costs involved in running a range of operations. They should then group these costs under the appropriate headings and include a minimum of three of each of the elements of costs.

This should then lead naturally to the production of income statements. In producing income statements, emphasis should be placed on the need for clarity of presentation, in keeping with current legislation.

Learners should be presented with a selection of case studies that provide opportunities to calculate costs in £ and %. They could then be encouraged (working in groups) to think about how these costs could be controlled and how they can impact on the net income generated. In their groups, learners could then present their ideas of cost control to their peers demonstrating the impact on net income of their control measures. These control measures should address each of the elements of costs mentioned above.

National Unit Support Notes (cont)

Unit title: Hospitality Costing (SCQF level 5)

Guidance on approaches to assessment of this unit

Evidence can be generated using different types of assessment. The following are suggestions only. There may be other methods that would be more suitable to learners.

Centres are reminded that prior verification of centre-devised assessments would help to ensure that the national standard is being met. Where learners experience a range of assessment methods, this helps them to develop different skills that should be transferable to work or further and higher education.

All outcomes should be assessed in an open-book format, where learners have access to logbooks and/or worked examples completed during the delivery of this unit.

Learners should be allowed access to calculators, phones and other devices, as used in everyday life calculations.

Instruments of assessment should be designed to allow learners to provide evidence of their understanding and application of all concepts as stated in evidence requirements.

A learner's work could be authenticated by checking against recommended solutions and, where any doubt of understanding or application exists, confirming with logbook completion/compilation of class-based exercises.

Opportunities for e-assessment

E-assessment may be appropriate for some assessments in this unit. By e-assessment we mean assessment which is supported by Information and Communication Technology (ICT), such as e-testing or the use of e-portfolios or social software. Centres which wish to use e-assessment must ensure that the national standard is applied to all learner evidence and that conditions of assessment as specified in the evidence requirements are met, regardless of the mode of gathering evidence. The most up-to-date guidance on the use of e-assessment to support SQA's qualifications is available at www.sqa.org.uk/e-assessment.

Opportunities for developing Core and other essential skills

Numeracy: Using Number at SCQF level 5

For all outcomes, learners are required to apply a range of numerical skills in order to compare and cost recipes, calculate portion costs, calculate selling prices to meet gross income and apply VAT to selling prices. In addition, learners will explore various elements of cost order to determine gross and net incomes and express elements of cost as a percentage of sales for a given period. Therefore, learners will be demonstrating the Core Skill component of Using Number at SCQF level 5.

Problem Solving: Critical Thinking at SCQF level 4

For all Outcome 1, learners are required to compare the costs of ingredients (eg, raw, prepared, etc) and make recommendations on the use of different ingredients based on their comparisons. In addition, for Outcomes 2, 3 and 4 learners are required to identify various elements of cost, carry out various calculations to determine gross and net incomes. In doing so, they will be demonstrating the Core Skill component of Critical Thinking at SCQF level 4.

National Unit Support Notes (cont)

Unit title: Hospitality Costing (SCQF level 5)

The Critical Thinking component of Problem Solving at SCQF level 4 and Using Number component of Numeracy at SCQF level 5 are embedded in this unit. When a learner achieves these units, their Core Skills profile will also be updated to include these components.

History of changes to unit

Version	Description of change	Date
02	Core Skills Components Critical Thinking at SCQF level 4 and Using Number at SCQF level 5 embedded.	17/5/19

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General information for learners

Unit title: Hospitality Costing (SCQF level 5)

This section will help you decide whether this is the unit for you by explaining what the unit is about, what you should know or be able to do before you start, what you will need to do during the unit and opportunities for further learning and employment.

This unit is designed to enable you to develop the knowledge and skills necessary to carry out a range of basic costing calculations related to operations in the hospitality industry.

You will explore all elements of cost relating to hospitality operations including costing of recipes and calculation of selling prices and gross and net income. While this unit focuses on food and beverages, it will also introduce you to other elements such as labour and overheads costs.

No previous experience is needed before undertaking this unit. This unit is suitable for people who already work in hospitality industry and wish to improve their prospects.

You will be allowed access to calculators, phones and other devices as used in everyday calculations when completing exercises and assessments for this unit.

Completion of this unit will also enable you to develop the following Core Skills:

- ◆ *Numeracy: Using Number* at SCQF level 5
- ◆ *Problem Solving: Critical Thinking* at SCQF level 4

On successful completion of this unit, you may wish to progress to the unit *Costs and Control in Hospitality* at SCQF level 6 seek a position in industry, apply for promotion in the industry or investigate the possibilities of starting a business.

This unit is part of a progressive suite of units relating to finance in the hospitality industry at SCQF levels 5–8.

The Critical Thinking component of Problem Solving at SCQF level 4 and Using Number component of Numeracy at SCQF level 5 are embedded in this unit. When a learner achieves these units, their Core Skills profile will also be updated to include these components.