

BTEC First Diploma

Unit 3: Investigating financial control

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Introduction

This unit looks at the financial aspects of running a business. I will start by looking at profit and then investigate the point at which income equals expenditure, known as the break even point. It is also important that businesses carefully watch their cash flow. I will have to calculate the cash flow for a selected business and explain how a business can improve their cash flow. Budgets are another way in which businesses control their financial situation and I will have to draw-up a budget for the selected business. Finally I will look at the ways in which a business records transactions and ways of preventing frauds.

Restaurant Ideas

For this task I will be using the following scenario:

“Warren Palmer wants to open a new restaurant in the Barnet area and has approached our business class for some ideas and advice as to what type of restaurant would be successful in this local area.”

BRAINSTORM

These are my different ideas that I think the restaurant should be.

Gambian Restaurants: Serving Gambian traditional dishes

Takeaway service

Multicultural restaurant: serving dishes from different nationalities

BUSINESS NAME

This is the name that I choose for the restaurant.

Warren restaurant

POSSIBLE SUPPLIERS

These are the three suppliers that I have considered to supply Warren's restaurant with food

Earth Natural Foods

<http://www.earthnaturalfoods.co.uk/>

London Farmers' Markets

<http://www.lfm.org.uk/>

The Fresh Food Group

<http://www.freshfoodgroup.com/>

CHOSEN SUPPLIER

I have chosen Earth Natural Foods because it is the most cheapest and they sell the highest quality of food products.

Earth Natural Foods

<http://www.earthnaturalfoods.co.uk/>

THE MARKET

There are a total of 314564 people living in Barnet so because the restaurant is multi cultural, it could be a success because of the multi cultural people living in Barnet.

Different types of Costs

My warrens restaurant goods product for fixed cost and variable cost

Fixed Cost	Variable Cost
Microwave Ovens and Microwave Grills- Quantity 4- price £2316.00	Food stock e.g. Flour, vegetables, ingredients £500 per stock
Samsung Medium Duty Microwave CM1329 - Touch Control 1300W Stainless Steel quantity 2 - £918	
Chair =Kentucky armchair Sizes: 550 mm- price £1470	
Kitchen utility e.g. plates = LSA MIKA DINNER PLATE, SET OF 6, Glass = LSA YOLA TUMBLER SET OF 6, LSA ILYA CHAMPAGNE FLUTES SET OF 2 – price £895	

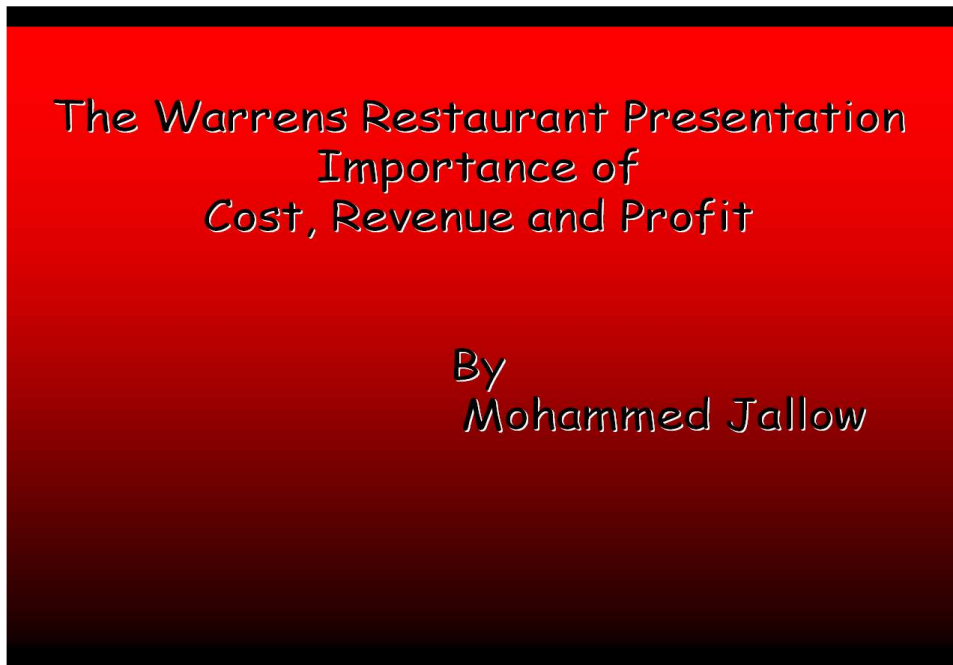
This is the table for my fixed cost and variable cost

Fixed Cost	Amount	Variable Cost	Amount
Start up cost			
Rent Deposit	£5000	electricity	£450
Rent	£1250 per month		
Full time employees	£3256 per month		
Machinery for the Kitchen e.g. Fridges, ovens	£9596	Gas	£690
Loan repayment within 12 months	800 + interest		
Cooking utensils	£895	Water	£280
Chairs	£1470		
Table Chairs	£1650		
Running Cost			
Insurance	£2316.00 per year	Utility bills, gas, electric and water	1420
Cooking materials	£895	Food stock e.g. Flour, vegetables, ingredients	£500 per stock

Net Profit

I will use the information I gathered for Warren's restaurant and show how to calculate net profit through a presentation.

Below are the slides used during my presentation and also the witness statement.



Introduction

Warren Palmer is considering opening a restaurant in the Barnet area. He has asked our class to advise him on the sort of restaurant that would succeed in the area. He also wants us to advise him on the cost, revenue and profitability of the business

This is my introduction for the presentation for cost, revenue and profit.

My Vision for Warrens Restaurant

- Warrens Restaurant is aimed at families and couples of any age. The restaurant will have a capacity of 30 people. Warren's restaurant is going to serve multicultural dishes. My vision for Warren's restaurant is for it to provide the best service and easier restaurant access; instead of just coming in and trying to get a table you would book before-hand through a website or telephone. I want Warrens restaurant to be flexible, to sell top quality dishes and to have a complete financial control over the Cost, Revenue and Profit.

This is my vision for warrens restaurant.

The Different Cost

There are four different types of cost Warren will need to know. The total cost is calculated by adding fixed cost, variable cost, start cost and running cost together.

- Fixed Cost = are costs of a business that do not change when a business raises or lowers its level of output e.g. Rent is a fixed because no matter how many people you sell your meals to, you would still have to pay the rent set.
- Variable cost = are the costs that do change when a business raises or lowers its levels of output e.g. Raw materials is a variable cost because depending on the amount of meals or drinks you sell, that would have an affect on the cost of your raw materials.
- Start up Cost = are the cost that is going to get your business up and running e.g. rent.
- Running Cost = are day to day expenses of a business e.g. maintenance of equipment, rent, wages and etc.

This slide shows the different cost figures. The formula for cost is Fixed cost + Variable cost = Total cost which is fixed cost 11566 + 4920 = 16486.

Examples of Different Cost

Fixed Cost

• Rent	£1250
• Labour (employees)	£8000
• Insurance	£2316
Total	£11566

Variable Cost

• Electricity	£450
• Gas	£890
• Raw Material (food, Drinks)	£3500
• Water	£280
Total	£4920

Start-Up Cost

- Restaurant furniture and cooking utensils (chairs, table, forks, knives, plates, cooker, refrigerator, deep fryer).

Total	£9193
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This slide shows the costs that are going to be involved in Warren's restaurant.

Importance of Knowing Cost

It is important that Warren knows the different cost involved in owning a restaurant which are the following:

- Fixed cost would be important because it is the cost that stays the same whether or not the business lowers or raises its output so this will help Warren plan his payments a lot better.
- Start up cost is important because Warren would need to know how much to get his business up and running e.g. Restaurant furniture, kitchen utility and etc.
- Variable cost is important because it changes depending on the level of outputs. The business would have to know and constantly keep track of how much they price their product to cover the variable cost.
- It is important to know cost to produce a budget.

This slide shows the importance of Warren knowing his cost.

Revenue

- Revenue is income received from the sale of goods and services.

The chart on the right shows you how I would make my revenue.

Warrens restaurant will make £2400 total Revenue per day. I calculated the average customers a day 30 and added it with the cost of meals, the average takeaway 5 customer and the special event 1 customer.

Revenue	Amount
Cost of Meals average meal	£70
Special events e.g. Wedding and birthday renting	£150
Takeaway	£30
Total Revenue Per Day	£2400

This slide show how Warren can make Revenue with all sales. The formula for Total Revenue is unit price + unit sold.

Importance of Revenue

- Revenue is important because revenue will keep Warren in business.
- Revenue helps indicate whether Warren product is selling well.
- Revenue will help Warren plan his business activities.
- A consistent flow of revenue can help Warren pay his debts.

This slide shows the importance of revenue and why Warren needs to know this.

Profit

- Profit is calculated as Total Revenue - Total Cost, the money left over is the profit. Total Revenue - Total cost = Profit

• Customers per month	600	£70.00	£42,000
• Special Events per month	2	£150.00	£300.00
• Takeaway per month	100	£30.00	£3,000
• Total			£45,300.00

- Total Revenue - Total cost = *Profit*

• £45300 £25679 £19621

This slide shows the profit for Warren's restaurant, profit is calculated by total revenue - total cost = profit

From the presentation I have found out what my net profit is:

To calculate the net profit is

Total cost £25679

Total Revenue £45300

So to calculate warrens restaurant net profit it would be Total revenue £45300 – Total cost £25679= which is a profit of £19621 for Warren's restaurant.

Importance of Profit

Profit is important because:

- Profit is important because with it your business can expand.
- You can use the profit as a resource for when the company reaches financial problems.
- With profit you can invest more on the weaker areas of your business e.g. marketing

This slide tells why Mark needs to know his profit.

Conclusion

I now know that by knowing all my cost, (start up cost, running cost, fixed cost and variable cost) and revenue and profit involved in warrens restaurant that the restaurant will be profitable.

This presentation has made it easier to understand and control Warren's financial control.

Break Even

For this task I will use the case study below to create a break even chart.

Mark owns and manages a French restaurant in Essex. The restaurant is very successful and Mark has recorded very high levels of profit over the past few years. From carrying out market research Mark is aware that he could expand his business and open another restaurant in High Barnet. Over the past few months a large number of Mark's customer base has consisted of school teachers. Mark is concerned that his new business might struggle in August when the schools are closed for summer holidays.

Mark has now carried out some research into his proposed new restaurant and he has produced the following information:

Types of cost or revenue	Amount
Average selling price per meal	£70
Variable cost per meal - ingredients, fuel, wages	£45
Additional fixed costs associated with opening a new restaurant - carpets, furnishing, crockery and lease of property.	£11,000
Mark believes that his restaurant would be able to serve 30 customers per night. The restaurant will be opened for 20 nights per month.	

What is a Break Even

Total variable and fixed costs are compared with sales revenue in order to determine the quantity of sales level, sales cost or production at which the business makes neither a profit nor a loss, which is the break -even point.

How to calculate break even points

The Break even point is the point at which total revenue and total cost (variable and fixed cost added together) meet or are equal. The break even analysis can also tell you at what point you are making a loss or a profit.

There is two ways which you can calculate the break even point. The first is by a formula and the second is by graph.

The first way you calculate break even is by this formula:
Break-Even=

$$\frac{\text{Fixed Cost}}{(\text{Selling price per unit} - \text{Variable Cost per unit})}$$

(Contribution)

Selling price is the price Mark puts on the food that his selling.

Variable cost is the cost that does change regarding to output, an example of a variable cost is raw materials (food stock) because if you sell a lot then the more raw materials you would need that would increase the price of purchase while if you don't sell then you would need to minimise your purchasing.

Fixed cost is the cost that does not change regarding the output e.g. Rent.
Revenue is the money a business receives from sale of its products and services.

Establishing the break even helps the company to plan the levels of production that it needs to be profitable.

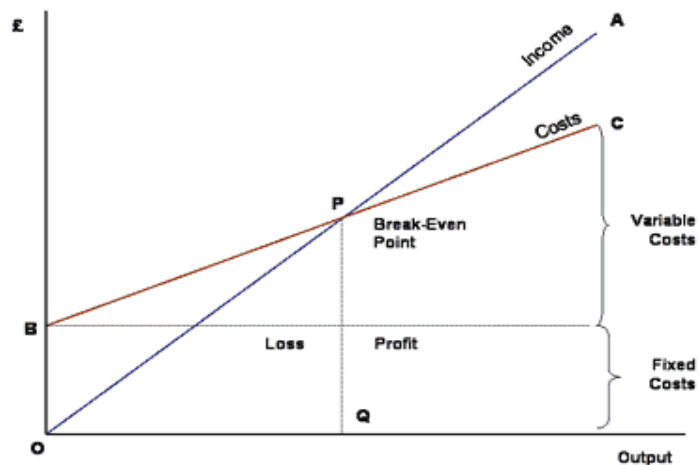
Break Even of Mark's Restaurant

This is the formula and the figures for Marks break even

$$\frac{\text{Fixed cost } \pounds 11,000}{\text{Selling Price } \pounds 70 - \text{Variable cost } \pounds 45} = 440$$

Selling Price £70 - Variable cost £45

This means that at 440 customers mark will have made enough revenue to cover his total cost.



This is the website that I got the graph from and information.

http://tutor2u.net/business/production/break_even.htm

In the diagram above, the line OA represents the variation of income at varying levels of production activity ("output"). OB represents the total fixed costs in the business. As output increases, variable costs are incurred, meaning that total costs (fixed + variable) also increase. At low levels of output, Costs are greater than Income. At the point of intersection, P, costs are exactly equal to income, and hence neither profit nor loss is made.

A break even chart is where sales revenue, variable costs, and fixed costs are plotted on the vertical axis while volume is plotted on the horizontal axis.

Cashflow

FOOTY FANATICS Ltd

Dave Ferguson is the manager of Footy Fanatics Ltd. The business makes and sells footballs for local school football teams. Dave is compiling his cash flow forecast for the next 6 months and is not expecting any surprises. Sales are good, although as usual they are better in the winter than during the summer.

Sales for: January £16,000
February £15,000
March £15,000
April £14,500
£13,000
June £12,000

Materials for: January £9,000
February £7,000
March £7,000
April £6,000 May
May £5,000
June £5,000

Additional Information

Wages / Salaries £5,000

Rent £500

Rates £100

Electricity £200

Repairs £300

Stationary £20

Telephone £150

Advertising in April £1,000 other months £200

Insurance £500

New Machine £5,000 in Jan

Cash flow is essentially the movement of money into and out of your business; it's the cycle of cash inflows and cash outflows that determine your business' solvency.

Cash flow analysis is the study of the cycle of your business' cash inflows and outflows, with the purpose of maintaining an adequate cash flow for your business, and to provide the basis for cash flow management.

Cash flow analysis involves examining the components of your business that affect cash flow, such as accounts receivable, inventory, accounts payable, and credit terms. By performing a cash flow analysis on these separate components, you'll be able to more easily identify cash flow problems and find ways to improve your cash flow.

A quick and easy way to perform a cash flow analysis is to compare the total unpaid purchases to the total sales due at the end of each month.

Cash flow Forecast

Using the information given to me I am going to create a cash flow forecast. The table below shows the figure that occurs when Dave hasn't added new machinery into the Cash flow forecast.

	A	B	C	D	E	F	G	H
1	2D							
2	Dave Cash flow forecast							
3		Jan	Feb	March	April	May	Jun	Total
4		£	£	£	£	£	£	£
5	Income from Sales	16,000.00	15,000.00	15,000.00	14,500.00	13,000.00	12,000.00	85,500.00
6								
7	Expenditure							
8	wages	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	30,000.00
9	Rent	500.00	500.00	500.00	500.00	500.00	500.00	3,000.00
10	Rates	100.00	100.00	100.00	100.00	100.00	100.00	600.00
11	Electricity	200.00	200.00	200.00	200.00	200.00	200.00	1,200.00
12	Repaires	300.00	300.00	300.00	300.00	300.00	300.00	1,800.00
13	Stationary	20.00	20.00	20.00	20.00	20.00	20.00	120.00
14	Telephone	150.00	150.00	150.00	150.00	150.00	150.00	900.00
15	Advertisement	200.00	200.00	200.00	1,000.00	200.00	200.00	2,000.00
16	Insurance	500.00	500.00	500.00	500.00	500.00	500.00	3,000.00
17	Materials	9,000.00	7,000.00	7,000.00	6,000.00	5,000.00	5,000.00	39,000.00
18	Subtotal of expenditure	15,970.00	13,970.00	13,970.00	13,770.00	11,970.00	11,970.00	81,620.00
19								
20	Net Cash Flow	30.00	1,030.00	1,030.00	730.00	1,030.00	30.00	3,880.00
21								
22	Monthly summary							
23								
24	Opening bank balance	2,000.00	2,030.00	3,060.00	4,090.00	4,820.00	5,850.00	21,850.00
25	Net Cash Flow	30.00	1,030.00	1,030.00	730.00	1,030.00	30.00	3,880.00
26								
27	Closing Bank Balance	2,030.00	3,060.00	4,090.00	4,820.00	5,850.00	5,880.00	25,730.00

An overdraft allows you to borrow an agreed amount of money on top of your bank balance. An overdraft is different to a bank loan because with a bank loan Dave would have to apply to the banks each time he wants to have a new loan.

I think that Dave should have an overdraft facility because if he runs out of money the payments coming out of his account may fail and he may be charged by the bank. With an overdraft he could still make payments from his accounts and this would prevent him from incurring a bank charge.

It is a good facility to have because it is quick and easy to set up and once it has been set up it is a constant feature of the account. He also has to arrange a set time scale with the bank to repay the loan. With an overdraft there is no set time scale to repay the bank.

This table shows the difference in figure when new machinery is added

	A	B	C	D	E	F	G	H
1	2D							
2	Dave Cash flow forecast							
3		Jan	Feb	March	April	May	Jun	Total
4		£	£	£	£	£	£	£
5	Income from Sales	16,000.00	15,000.00	15,000.00	14,500.00	13,000.00	12,000.00	85,500.00
6								
7	Expenditure							
8	wages	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	30,000.00
9	Rent	500.00	500.00	500.00	500.00	500.00	500.00	3,000.00
10	Rates	100.00	100.00	100.00	100.00	100.00	100.00	600.00
11	Electricity	200.00	200.00	200.00	200.00	200.00	200.00	1,200.00
12	Repaires	300.00	300.00	300.00	300.00	300.00	300.00	1,800.00
13	Stationary	20.00	20.00	20.00	20.00	20.00	20.00	120.00
14	Telephone	150.00	150.00	150.00	150.00	150.00	150.00	900.00
15	Advertisement	200.00	200.00	200.00	1,000.00	200.00	200.00	2,000.00
16	Insurance	500.00	500.00	500.00	500.00	500.00	500.00	3,000.00
17	New Machinery	5,000.00	0.00	0.00	0.00	0.00	0.00	5,000.00
18	Materials	9,000.00	7,000.00	7,000.00	6,000.00	5,000.00	5,000.00	39,000.00
19	Subtotal of expenditure	20,970.00	13,970.00	13,970.00	13,770.00	11,970.00	11,970.00	86,620.00
20								
21	Net Cash Flow	-4,970.00	1,030.00	1,030.00	730.00	1,030.00	30.00	-1,120.00
22								
23	Monthly summary							
24								
25	Opening bank balance	2,000.00	-2,970.00	-1,940.00	-910.00	-180.00	850.00	-3,150.00
26	Net Cash Flow	-4,970.00	1,030.00	1,030.00	730.00	1,030.00	30.00	-1,120.00
27								
28	Closing Bank Balance	-2,970.00	-1,940.00	-910.00	-180.00	850.00	880.00	-4,270.00

From the cash flow chart Dave would require an overdraft facility in the month of January because its closing balance for this month is -£2,970. This negative figure may be due to the fact that Dave has had to get new machinery (£5,000) at the start of the month. This has therefore meant that his expenses for this month have far out weighed his income.

Dave would also need an overdraft facility the following month of Feb., March, and April. In February and March, Dave has had a favourable net cash flow figure. This has been greater than his expenditure however Dave closing balance is still negative because has not made enough profit to make his closing balance positive and hence still needs an overdraft facility.

In the month of April, Dave has to pay an extra £800 on advertisement; this can be put down as the main reason why his net cash figure has decreased compared to Feb and March. However on the month of May Dave's finances improve and he is able to put his closing balance into a favourable figure and no long reliant on his overdraft facility.

Dave's cash flow does not go according to plan and the following changes have to be made:

- On the 1st February Dave's landlord has increase d the cost of rent to £800.
- The cost of materials in May was £8,000 and the cost of materials in June was £4,000.
- The sales in January are £18,000.

	A	B	C	D	E	F	G	H
1	2D							
2	Dave Cash flow forecast							
3		Jan	Feb	March	April	May	Jun	Total
4		£	£	£	£	£	£	£
5	Income from Sales	18,000.00	15,000.00	15,000.00	14,500.00	13,000.00	12,000.00	87,500.00
6								
7	Expenditure							
8	wages	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	30,000.00
9	Rent	500.00	800.00	500.00	500.00	500.00	500.00	3,300.00
10	Rates	100.00	100.00	100.00	100.00	100.00	100.00	600.00
11	Electricity	200.00	200.00	200.00	200.00	200.00	200.00	1,200.00
12	Repaires	300.00	300.00	300.00	300.00	300.00	300.00	1,800.00
13	Stationary	20.00	20.00	20.00	20.00	20.00	20.00	120.00
14	Telephone	150.00	150.00	150.00	150.00	150.00	150.00	900.00
15	Advertisement	200.00	200.00	200.00	1,000.00	200.00	200.00	2,000.00
16	Insurance	500.00	500.00	500.00	500.00	500.00	500.00	3,000.00
17	New Machinery	5,000.00	0.00	0.00	0.00	0.00	0.00	5,000.00
18	Materials	9,000.00	7,000.00	7,000.00	6,000.00	8,000.00	4,000.00	41,000.00
19	Subtotal of expenditure	20,970.00	14,270.00	13,970.00	13,770.00	14,970.00	10,970.00	88,920.00
20								
21	Net Cash Flow	-2,970.00	730.00	1,030.00	730.00	-1,970.00	1,030.00	-1,420.00
22								
23	Monthly summary							
24								
25	Opening bank balance	2,000.00	-970.00	-240.00	790.00	1,520.00	-450.00	2,650.00
26	Net Cash Flow	-2,970.00	730.00	1,030.00	730.00	-1,970.00	1,030.00	-1,420.00
27								
28	Closing Bank Balance	-970.00	-240.00	790.00	1,520.00	-450.00	580.00	1,230.00

From the cash flow chart we can see that the increase of cost has caused the subtotal of expenditure to increase because £800 that was added to rent in February. The cost of materials which was £8,000 in may and in June £4,000 has increased the total expenditure which means that Dave's closing balance is negative.

Recording financial transaction

At some point in a businesses life time it goes through a number of different transactions, at each stage of the transaction process documents are used to act as a record of transaction.

Transaction process

Below is a table showing the process that a business like Jenny food restaurant would use to record transactions.

<u>Issued by the passenger</u>	<u>Issued by the seller</u>
Purchase order form – list items required and price of each.	Delivery Note- accompanies the goods which are signed by the purchaser in proof of delivery.
Goods received note- This list items purchased, the purchaser informs the seller if there are any shortages or damages.	Invoice- It gives full details of goods, prices, discount and VAT.
Receipt- This is issued to confirm that the purchaser has actually bought and paid for product.	Credit Note- This is issued when goods are returned or adjust at any over charges to the invoice.
	Statement of accounts- This summarises all transaction and states balance owing.
	Remittance advise slip – The remittance advise slip summarises the account for return with cheque payment

The businesses documents stated above are not the only way of recording transactions. Some businesses like a coffee shop or corner shop s mainly receive transaction through cash, but others such as a hotel receive mainly debit or credit card payments. There two ways of recording transaction either by manually or electronically.

Manually day books are simple ways of recording financial transaction through day to day bases. They are used by businesses to summarise transactions before they are transferred to the main account.

The most common types of day books used are:

Sales day book- The Chicken cottage organisation records all sales made to date from invoices issued by the business.

Sales return day book- This records any goods returned from customers, again by date.

Purchase day books- This records all purchases that has been made by date and matches invoice for raw materials or stock received by business.

Purchase return day book- It records any goods that has been returned to a supplier because of in case of faults. This matches any credit note received by the business.

Accounts

Accounts used by businesses summaries financial information in different categories such as sales by customer, purchases made by supplier, payments by a type of expense and as well as cash in the bank and any cash on the premises. There are several reasons for doing this.

Financial information is recorded against a particular category because it is easier to obtain precise summary for instance how much has been spent on stock level or advertising for the year.

Accounts information can be summarized to provide managers with instant information about actual cash flow, potential profit (or loss) debts outstanding, stock level etc, which gives them the opportunity to take action when needed.

Petty cash

The petty cash account is used to record small items of expenditure. It is links to the main cash account which records the money that is kept in the bank, rather than withdrawing money from the bank every time a small purchase is required, an amount is issued to the petty cashier who is responsible for keeping the cash safe in lockable cash boxes.

The money is used to but small items such as when cash is needed to pay for them for example:

- Buying stamps for emergency mail when the mailrooms are closed
- Paying the window cleaner
- Paying taxes that take visitors to the air port or the train station.

Petty cash is also used to repay staff that pays for business items out of their own pocket. The member of staff must obtain a receipt as proof of purchase and then complete a petty cash voucher. The cashier will authorize the voucher, then pay back the amount and record the transaction in the petty cash account.

Cash registers

Cash register is mainly used in small shops e.g. Chicken cottage when the sales assistant will read the price attached to the product, and this will be recorded into the cash register. At the press of a button the cash drawer is opened by the machine to take money in from the customer and to take out money, at the same time the cash register records the money spent and it issues a receipt.

The more advanced cash registers are called POS which stands for point for sales. These cash registers use bar code scanners and PC -link cash registers that are linked with credit and debit card payments.

Electronic point of sale

Rather than link a POS system to a computer, large stores prefer to use EPOS systems where all their cash register is linked to a main or central computer. This allows some of the following functions to perform:

- Bar code readers can identify each product and its price, the total spend is calculated by the computer.
- Stock record can be updated as soon as product is sold. This also allows low or high turnover stock to be identified.
- Detailed receipts can be printed which provide the details of the goods they bought together with their price, this also includes the VAT, add card details and promotional messages.
- Some large stores/supermarkets use the data to draw up profiles of regular customers so that they can mail them with information on promotions of their favorite products.

Fraud

Fraud is when someone attempts to gain an advantage by deception, for instance someone who exaggerates their qualification for a job.

This table shows the different types of frauds that exist and the preventions that are taking.

Example of Fraud	Prevention measures
<p>Stealing money- Cash is easily accessible in businesses because customers pay in cash. Cash is very tempting to steal because if someone was walking with two bags of cash nobody wouldn't be able to trace back at it.</p>	<p>A comprehensive staff selection process which includes character references.</p> <p>A clear policy on dealing with fraud for which staff can be dismissed for being part of the procedure.</p>
<p>Stealing goods– This involves taking items of stock from a stock room or taking office consumables e.g. pens printer and etc without paying for them.</p>	<p>Restrictions on the staff who have access to cash and valuable items or other procedures that involve dealing with cash.</p>
<p>Other forms of money theft- this involves gaining unlawful access to a bank account to withdraw money or deliberately entering false figures into accounts to get money.</p>	<p>Proper accounting process, what are the names of staff responsibility and to ensure all transactions are recorded and processed properly and accurately.</p>
<p>Sweetheart deals- Where staff treats their friend and not making her pay for any goods or giving her a discount.</p>	<p>Recruitment of security guards, setting up cameras at places that are likely for something to happen e.g. where cash is put, valuable items and stock rooms.</p>
<p>Identity theft- Where your identity is stolen from you and used as a way to obtain money, goods, credit cards and etc.</p>	<p>Giving security guards rewards for reporting frauds. The information needs to be treated confidential.</p>
<p>Internet fraud- Where websites are hacked into and credit card details and other information are stolen.</p>	
<p>Embezzlement- Getting or using money that rightfully belongs to someone else.</p>	
<p>Card fraud- such as stolen credit cards which are counterfeit copied and is recorded by a special machine, and is later used to buy goods.</p>	

I visited a small local business near my area. The restaurant is chicken cottage and it serves a variety of chicken dishes e.g. chicken burgers, chicken nuggets, chicken breast and leg. They also sell drinks and crisps. They record transactions through cash register and sales day book.

Evaluation

In this unit I have learnt how to produce a break even chart. I know how to make a cashflow forecast and learnt the importance of it. I now know the cost, revenue and profit involved in owning a restaurant and the similarities it has with other business sectors. I have had difficulty researching the different costs involved in finance businesses and producing a cashflow forecast. The thing that I would improve for this assignment is to have done more research and improve on my presentation.

Bibliography

Information from BTEC business 2nd edition textbook

Notes from exercise book

Work sheets from Mr Lewis

http://tutor2u.net/business/production/break_even.htm

Appendix

This is my research that I have done for Marks Restaurant.

Type of Cost	Quantity	£ Cost/month/year	Website
Food stock e.g. Flour, vegetables, ingredients		£500 per stock	http://www.earthnaturalfoods.co.uk/
Chair =Kentucky armchair Sizes: 550 mm	15	£1470	http://www.hillcrossfurniture.co.uk/productpage.asp?ProdID=35287
Table =Courtyard Square Table	15	£1650	http://www.hillcrossfurniture.co.uk/productpage.asp?ProdID=2012
Kitchen utility e.g. plates = LSA MIKA DINNER PLATE, SET OF 6, Glass = LSA YOLA TUMBLER SET OF 6, LSA ILYA CHAMPAGNE FLUTES SET OF 2	23	£895	http://www.mykitchenheaven.co.uk/LSA+MIKA+DINNER+PLATE+SET+OFF+6.htm
Kitchen machinery e.g. Microwave Ovens/cooker	4	£9316.00	http://www.diy.com/diy/jsp/bq/nav/nav.jsp?action=detail&fh_secondid=9796808&fh_reftheme=promo_83953717%2ceseeall%2c%2f%2fcatalog01%2fen_GB%2fcategories%3c%7b10057%7d%2fcategories%3c%7b10060%7d&fh_view_size=6&fh_location=%2f%2fcatalog01%2fen_GB%2fcategories%3c%7b10057%7d%2fcategories%3c%7b10060%7d%2fcategories%3c%7b9001024%7d&fh_ed_s=%c3%9f&fh_refview=list&ts=1200931022680&isSearch=false

Fridge Freezers	2	£280	http://www.rocksolidkitchens.co.uk/appliances.asp#microwave
Jukebox = Wurlitzer 1015 CD One More Time Jukebox	1	£3950	http://www.jukebox45s.co.uk/cgi-bin/shopcart.cgi?Category+Jukebox_Machines_For_Sale
Decorations e.g. Candles Jo	4	£40	http://www.johnlewis.com/Home+and+Garden/Decorative+Accessories/Decorative+Accessories/Candles/807/ProductType.aspx
Decorations e.g. plants Artificial Bird of Paradise Plant 4ft 6" (1.35m) high	4	339.8	http://www.redhotplants.co.uk/products/exotics/bird%20of%20paradise.html