

Food Cost Percentage

Unit: Entrepreneurial Opportunities in the Culinary Business

Problem Area: Food Cost Accounting

Lesson: Food Cost Percentage

- **Student Learning Objectives.** Instruction in this lesson should result in students achieving the following objectives:

- 1 Explain food cost percentage.**
- 2 Compute food cost percentage.**

- **Resources.** The following resources may be useful in teaching this lesson:

Association Solutions National Restaurant Association. *Foundations of Restaurant Management & Culinary Arts: Level 1*. Prentice Hall, 2010.

Blocker, Linda, Julia Hill and The Culinary Institute of America. *Culinary Math*, 3rd ed. Wiley, 2007.

McGreal, Michael J., and Linda J. Padilla. *Culinary Math Principles and Applications*. American Technical, 2009.

"Measurement Conversion Directory," *Easysurf*. Accessed Oct. 1, 2011.
<<http://www.easysurf.cc/cnver13.htm>>.

"U.S. Customary Units," *Onlineconversion*. Accessed Oct. 1, 2011.
<http://www.onlineconversion.com/article_US_units.htm>.



■ **Equipment, Tools, Supplies, and Facilities**

- ✓ Overhead or PowerPoint projector
- ✓ Visual(s) from accompanying master(s)
- ✓ Copies of sample test, lab sheet(s), and/or other items designed for duplication
- ✓ Materials listed on duplicated items
- ✓ Computers with printers and Internet access
- ✓ Classroom resource and reference materials
- ✓ Calculators

■ **Key Terms.** The following terms are presented in this lesson (shown in bold italics):

- food cost (FC)
- food cost percentage (FC%)
- market price
- menu price (MP)
- percentage
- portion cost (PC)
- sales
- selling price

■ **Interest Approach.** Use an interest approach that will prepare the students for the lesson. Teachers often develop approaches for their unique class and student situations. A possible approach is included here.

Ask the class who is interested in making and selling food. Of those who respond affirmatively, ask who wants to sell T-bone steak dinners. Choose a student and ask him or her to describe what would be served with the steak. Then ask that student the price for which the dinner would sell. Write that amount on the board. Next, list all the items to be included in the dinner on the board and ask the student to estimate the cost of each accompaniment. Finally, tally the total estimated dinner cost. Depending on the responses and the final tally, the student may believe he or she has done well, leaving a sizable distance between anticipated cost and selling price (of course this may not happen, further illuminating your point).

Ask the class about the other costs in the restaurant. If the class does not respond, ask about the cost of labor, mortgage, utilities, insurance, advertising, etc. Then ask if they feel the selling price for the dinner is adequate. The response should be driven home as evidence that knowing the actual cost of the food and using that information to price food for sale is essential for the restaurant industry.

CONTENT SUMMARY AND TEACHING STRATEGIES

Objective 1: Explain food cost percentage.

Anticipated Problem: What is food cost percentage? What information does it provide to the food service manager?

I. Food cost percentage basics

- A. **Food cost** (FC) is the amount spent on food purchases; the raw costs. Food cost may signify the cost of:
1. A single ingredient
 2. All ingredients used in a dish
 3. All ingredients used in a full menu entrée
 4. All ingredients used in a restaurant for any given period of time
- B. **Percentage** is a part of a whole (an intact unit or item) expressed in hundredths. The unit can be anything from a pie to a roast to a dollar. A whole unit is equal to 100 percent. A part is a portion of the whole (a portion of 100 percent). Similarly, what is left of the whole represents a portion of the original 100 percent.
- C. **Food cost percentage** (FC%) is a ratio that compares the food cost to food sales. The portion of the selling price spent to purchase the food is a ratio or a percentage; it is the percentage of sales income spent to purchase food. The formula is $FC\% = [\text{Portion Cost (PC)} \div \text{Menu Price (MP)}] \times 100$ or $FC\% = (\text{PC} \div \text{MP}) \times 100$. A typical food cost ratio is 28 percent to 35 percent of the selling price of a food item. A steakhouse may have a 40 percent food cost ratio, and an Italian restaurant may have a 28 percent food cost ratio. Food cost ratio takes into account the cost of the raw food, food preparation, service, clean up, and, at a minimum, utilities. For example, the raw food cost of a beef stew dinner is \$2.43, including a dinner roll and butter. The menu price is \$7.95. To figure the FC%:
1. $FC\% = [\$2.43 \div \$7.95] \times 100$
 2. $FC\% = 0.306 \times 100$
 3. $FC\% = 30.6\%$ (The percentage of the MP spent to buy the food ingredients)
 4. FC% provides pivotal information for the manager and owner. Used in its simplest form, FC% provides raw information about whether or not the item is correctly priced. For example, if the food cost percentage for an ice cream cone is 85 percent, 15 percent of the menu price provides income after paying for the food. Therefore, the price may need to be increased.

5. FC% can be even more useful when it is predetermined and provides a constant cost ratio. The formula to determine the selling price of any menu item using a predetermined FC% is $FC \div FC\% = MP$.
- D. **Portion cost** (PC) is the price of a single serving of food. Profitable restaurants and foodservices observe strict portion control standards. Portion control is managed with dippers, scoops, scales, ladles, and bar and pie markers, etc. The serving size determines the portion cost. Although a portion may be a whole pizza or a bucket of chicken, it is more likely that a portion cost would be based on a:
1. Single item—one apple as one portion from a case of apples
 2. Single portion of a whole—a slice of apple pie from a whole pie
- E. **Menu price** (MP) or **selling price** is the amount charged for a food item, whether it is a single portion or a whole unit. The selling price may reflect the amount charged for a single slice of pizza or for the whole pizza. In a food cost percentage application, **sales** is the selling price of a single unit (one slice of pie or a whole pie) or the total money received in a given time period. For example, a restaurant's sales may be a tally of all the customer checks for a day or an evening that eliminates any items that are not food related because gift certificates and merchandise often represent a different foodservice cost center.

Teaching Strategy: Use VM-A and VM-B.

Objective 2: Compute food cost percentage.

Anticipated Problem: How is the food cost percentage computed?

II. Computing food cost percentage

A. Weight and volume conversions

1. Determining food cost is dependent on one's ability to make accurate weight and volume conversions.
2. For example, if a 12-ounce portion of milk sells for \$1.50 and the milk is purchased in bulk (e.g., a 5-gallon bag or a 4-gallon case), the ability to convert these larger quantities into common terms is essential.
3. Students should be encouraged to practice weight and volume conversions prior to this lesson. A sample simple chart of weight and volume conversions is provided in VM-E.

B. Simple single item FC% calculation

1. For simple problems in which only one cost (e.g., the cost of one apple from a case price) and one sale (e.g., the income from selling that apple) are used, the calculation is simple: \$9.00/case of 36 apples: $\$9.00 \div 36 \text{ apples} = 0.25$.
2. When multiple ingredient costs are involved (e.g., all the ingredients used for an apple pie), each ingredient must be calculated separately and the individual totals must be tallied together to provide a total cost of the apple pie.

3. Similarly, when multiple units are sold, all the selling prices (or income) must be added together for total sales. The formula then becomes: $\text{total cost} \div \text{total sales} (\times 100) = \text{FC\%}$.
- C. Calculating a set FC%
1. Food is the largest single expenditure in the food service industry. Food cost percentage is pivotal information for owners and managers. Used in its simplest form, FC% provides raw information about whether or not an item is correctly priced. Even more beneficial to a successful food service is using FC% as a method to set prices. In this case, the FC% is set ahead of time as a desired cost level. Using a set FC% guarantees that a desired income level is met with each food item.
 2. To find the selling price of an item when the FC% is determined, have your students use this formula: $\text{FC} \div \text{FC\%} = \text{MP}$.
 - a. When the FC% of an ice cream cone is calculated as 85 percent at an 85 percent FC%, only 15 percent of the menu price provides income above the food cost, which is not a good (profitable) menu price.
 - b. When the cost of a doughnut is 0.18 and the FC% is set at 20 percent (20 percent of the income from the doughnut sale is spent on the ingredients to make the doughnut), the selling price is determined as follows: $0.18 \div 0.20 = 0.90$. The selling price of one doughnut is 90 cents.
 - c. Food items with multiple ingredients (e.g., chicken pot pie and tuna noodle casserole) must each be calculated before the set FC% formula can be applied.
- D. When the food cost and the sales figure is known, one can also determine food cost percentage as: $\text{FC\%} = \text{FC} \div \text{Sales}$. Instruction may be necessary as to how many decimal places are shown in the answer (if any). One decimal place is common.
1. $\text{FC} = \$14.50 (\text{FC}) \div \$51.10 (\text{Sales}) = 0.283$
 2. Then multiply the product (0.283) by 100 to get the percentage as $0.283 \times 100 = 28.3$ percent (Students who have mastered the concept may be instructed to move the decimal place two places to the right and add the percent sign.)
- E. The **market price** is a phrase used in place of a set price on a menu; it indicates a menu item that fluctuates with availability and with supply and demand. The use of market price on the menu protects the food service's food cost margin.
1. For instance, one week leaf lettuce may be \$8.00 per case, and the next week it may be \$16.00 per case.
 2. Drought, flooding, frost, market demand, etc. affect the price of food commodities.
 3. Market price is also associated with foods that are available on a highly seasonal basis, such as soft-shell crab in May, local raspberries in spring, and wild salmon from September through October. Other foods that fluctuate in price include seafood and some imported items, such as truffles.

- F. Inventory adjustment is an element of advanced food cost percentage formulas and includes the effect of inventory (stock) on the profitability of the food item. Inventory counts are time-consuming, so many restaurateurs conduct several sample beginning and ending inventory levels in the back and the front of the house and use those median figures to calculate food cost percentage. For instance, to calculate the actual food cost:

Actual food cost for the period = Beginning Inventory + Purchases – Ending Food Inventory

Actual FC% = Actual food cost ÷ Total food sales

Teaching Strategy: Use VM–C, VM–D, and VM–E. Assign LS–A and LS–B.

- **Review/Summary.** Use the student learning objectives to summarize the lesson. Have students explain the content associated with each objective. Student responses can be used in determining which objectives need to be reviewed or taught from a different angle. Questions at the ends of chapters in the textbook may also be used in the Review/Summary.
- **Application.** Use the included visual master(s) and lab sheet(s) to apply the information presented in the lesson.
- **Evaluation.** Evaluation should focus on student achievement of the objectives for the lesson. Various techniques can be used, such as student performance on the application activities. A sample written test is provided.
- **Answers to Sample Test:**

Part One: Short Answer

1. Food cost percentage is a ratio that compares the food cost to food sales. The part of the selling price that was spent to purchase the food is a ratio or a percentage; the percentage of sales income spent to purchase food that was sold.
2. Food cost refers to the cost of the raw food; it could refer to a single serving or the cost of all the food a restaurant purchases and uses in a day, week, month, etc. Portion cost specifically refers to the food cost of a single portion or serving of food. The portion may be a single portion (a slice of pizza) or a whole unit (a whole pizza). The portion or unit size is relevant only in terms of knowing the quantity of food that makes up that portion, and the cost of that entire portion.
3. 27 percent

Part Two: Multiple Choice

1. c
2. a

3. b
4. b
5. a
6. d

Part Three: True/False

1. F
2. T
3. T
4. F
5. F
6. T

Food Cost Percentage

► Part One: Short Answer

Instructions: Answer the following.

1. What does “food cost percentage” mean?
2. How does “food cost” differ from “portion cost”?
3. A whole cake costs \$8.95 and provides 12 slices. Each slice sells for \$2.75. What is the FC% of a slice of cake?

► Part Two: Multiple Choice

Instructions: Circle the letter of the correct answer.

1. A 12-oz. glass of lemonade has a menu price of \$1.99. The purchase price of a gallon of lemonade is \$2.99. The FC% is _____.
 - a. \$1.00
 - b. 150 percent
 - c. 14 percent
 - d. 66 percent



2. One cup of cooked rice sells for \$1.25. A gallon of cooked rice costs \$1.10. The FC% is ____.
- a. 5.5 percent
 - b. 50 percent
 - c. 0.15
 - d. 88 percent
3. A recipe for sugar cookies includes 2 c. flour at 0.08/cup, 1 c. brown sugar at 0.28/cup, 1 egg at 0.11 each, 1 c. oats at 0.09/cup, $\frac{1}{2}$ c. raisins at 0.68/cup, and $\frac{1}{4}$ pound butter at \$3.10/pound. The recipe makes 24 cookies, and each cookie sells for 0.75. The FC% per cookie is ____.
- a. 0.75
 - b. 9.3 percent
 - c. 1.71
 - d. 21 percent
4. The food cost for a cheeseburger and fries is \$1.91, and the FC% is set at 29 percent. The menu price is ____.
- a. \$0.55
 - b. \$6.59
 - c. 71 percent
 - d. None of the above
5. There are 110 oranges in a case, and the case cost is \$31.65. The FC% for one orange sold at 0.65 is ____.
- a. 44.3 percent
 - b. 40 percent
 - c. 0.40
 - d. None of the above
6. The menu price of a ravioli dinner is \$12.95, and the restaurant has set a FC% of 18 percent. The food cost is ____.
- a. 18 percent
 - b. \$3.10
 - c. \$1.77
 - d. \$2.33

► Part Three: True/False

Instructions: Write *T* for true or *F* for false.

- _____ 1. Food cost is the part of every dollar received in sales that goes to pay for the food.
- _____ 2. The selling price of a package of licorice that has a food cost of 0.10 and is sold at a 10 percent food cost is \$1.00.
- _____ 3. The food cost for one can of corn is \$3.18 when the case cost of six cans is \$19.10.
- _____ 4. If the menu price for a slice of banana cream pie is \$3.95, and the food cost of the slice is 0.80, the FC% is 26.6 percent.
- _____ 5. Sara paid \$12.95 for a shrimp cocktail. The restaurant uses a 34 percent FC%. The restaurants' food cost for the appetizer is \$4.88.
- _____ 6. Using accurate food costs and food cost percentages allows for appropriate menu or selling prices to be charged.

FOOD COST PERCENTAGE

KEY TERMS

- ◆ **Food cost (FC)**—the amount spent on food purchases; raw costs
- ◆ **Portion cost (PC)**—the cost of one serving
- ◆ **Percentage (%)**—a part of a whole expressed in hundredths
- ◆ **Menu price (MP)**—the amount charged for the sale of a menu item
- ◆ **Sales**—the selling price of a single unit (one slice of pie or a whole pie) or the total money received in a given period of time
- ◆ **Food cost percentage (FC%)**—a ratio that compares the cost of the food sold to food sales
 - $FC\% = (PC \div MP) \times 100\%$ (PC and MP are known)
 - $FC\% = (FC \div MP) \times 100\%$ (FC and MP are known)
 - $FC \div FC\% = MP$ (FC% is known)
 - $FC\% = FC \div Sales$ (Sales figures are known)

THE PIVOTAL FOOD COST PERCENTAGE FORMULA

$$\text{FC}\% = \text{COST} \div \text{SALES} \times 100$$

EXAMPLE:

The grounds to make 1 cup of coffee cost (FC) \$0.15, and a cup of brewed coffee sells for \$1.25 (MP).

$$\blacklozenge \text{FC}\% = [0.15 \div 1.25] \times 100$$

$$\blacklozenge \text{FC}\% = 0.12 \times 100$$

$$\blacklozenge \text{FC}\% = 12 \text{ percent}$$

12 percent of every dollar from the sale of a cup of brewed coffee pays for the dry coffee grounds!

NOTES:

1. Cost may be food cost (FC), portion cost (PC), etc.
2. Sales may be an individual menu price (MP) or the total food sales for a product, for the restaurant, or for a cost center in a foodservice facility.

FC% WHEN PORTION COST AND MENU PRICE ARE KNOWN

A beef stew costs \$2.43 (FC) to produce, including bread and butter. The menu price (MP) is \$7.95. What is the FC%?

$$\text{FC\%} = [\text{Portion Cost (PC)} \div \text{Menu Price (MP)}] \times 100$$

$$\text{FC\%} = [\$2.43 \div \$7.95] \times 100$$

$$\text{FC\%} = 0.306 \times 100$$

$$\text{FC\%} = 30.6 \text{ percent}$$



MP WHEN FC AND FC% ARE KNOWN

The cost of a doughnut is \$0.18, and the FC% is set at 20 percent. The MP is determined as follows:

$$\text{FC} \div \text{FC\%} = \text{MP}$$

$$0.18 \div 0.20 = 0.90$$

The selling price of one doughnut is 90 cents.



SAMPLE FLUID MEASUREMENT CONVERSION CHART

- 1 gallon = 128 oz = 4 qt = 8 pt = 16 c
- 1 quart = 32 oz = 2 pt = 4 c
- 1 pint = 16 oz = 2 c
- 1 cup = 8 oz
- 1 lb = 16 oz (weight)

1. To figure the cost of a portion that was purchased in a bulk package, compute the cost in a smaller volume based on what the problem asks. For example, a gallon of soup costs \$8.00, and you need to find the cost of a 5-ounce portion. First, find the cost per ounce. Then multiple one ounce of soup by 5.



- ◆ STEP 1: Divide the original price of the soup batch by the number of smaller units in the larger unit. This calculates the cost for one smaller unit. In this case, the smaller unit is ounces.

$$\$8.00 \div 128 \text{ oz} = 0.06/\text{oz}$$

- ◆ STEP 2: Multiply the price per ounce by the number of ounces requested.

$$0.06 \times 5 \text{ (ounces)} = \$0.30/5 \text{ oz portion}$$

2. To find the price of a quart of soup, divide \$8.00 by 4 quarts.

$$\$8.00 \div 4 = \$2.00/\text{qt}$$

FC% Computation Practice— Beginning Level

Purpose

The purpose of this activity is to practice calculating beginning level FC% problems.

Objectives

1. Define food cost percentage key terms.
2. Calculate beginning FC% computations.

Materials

- ◆ lab sheet
- ◆ writing utensil
- ◆ calculator
- ◆ computer with Internet access and/or text material access

Procedure

1. Work independently to complete each of the following food cost percentage definitions. Write one to two sentences to answer each question or to complete each definition.
 - a. Define percentage.
 - b. Define “food cost.”



- c. Define “food cost percentage.”
 - d. What is the formula to compute FC% when:
 - (1) Portion cost and menu price are known?
 - (2) Food cost and menu price are known?
 - (3) Food cost and sales are known?
 - e. What is “portion cost?”
 - f. Why is the menu price (selling price) important to know when figuring a portion’s FC%?
2. Work independently to calculate the food cost percentage for the following problems. Show your work and provide an answer using decimals to the tenths place.
- a. What is the FC% for an ice cream cone that costs 0.32 and sold for \$2.25?
 - b. The BBQ Shack sells whole BBQ chickens for \$8.95, and it purchases the chickens for \$2.88 each. What is their food cost percentage on chicken?
 - c. What is the food cost percentage of a can of soda pop, when a six-pack costs \$2.49, and a single can was sold for \$1.25?

- d. Raul makes a popular chocolate dipped peanut butter cookie ice cream sandwich that costs him \$1.69 each to make. Raul sells them for \$3.95 each. What's his FC%?

- e. The Great Wall Chinese Carryout spent \$412.50 on the food they used today and they tallied \$1,638.80 in sales for the day. What is the FC% for all sales today?

- f. Kelly's Lounge tallied \$2,206.10 today in bar sales. The food cost of all liquor and beverages sold is \$379.50. What is the FC% (beverage) cost for Kelly's Lounge today?

- g. Salvatore sells stuffed spinach pizza by the slice. There are 12 slices in each pizza and each pizza's food cost is \$9.12. Salvatore sells each slice for \$4.25. What is the FC% per slice?

- 3. Participate in a discussion of your answers to each definition and to your FC% calculations.

- 4. Turn in your completed lab sheet to your instructor.

FC% Computation Practice— Beginning Level

- 1a. *Percentage is a part of a whole (or an intact unit or item) expressed in hundredths. The whole unit is equal to 100 percent. When a part is missing, that part is a portion of the whole or a portion of 100 percent.*
- 1b. *Food cost is the amount spent on food purchases; the raw costs.*
- 1c. *Food cost percentage (FC%) is a ratio that compares the cost of the food sold to food sales.*
- 1d. (1) *Formula to compute FC% when Portion Cost and Menu Price are known*
$$FC\% = (PC \div MP) \times 100\%$$

(2) *Formula to compute FC% when Food Cost and Menu Price are known*
$$FC\% = (FC \div MP) \times 100\%$$

(3) *Formula to compute FC% when Food Cost and Sales are known*
$$FC\% = FC \div Sales$$
- 1e. *Portion cost (PC) is the cost of a single serving (portion) of food.*
- 1f. *Menu price provides the “sales” figure or value used in the FC% formula.*
- 2a. $FC\% = 14.2\%$
- 2b. $FC\% = 32.2\%$
- 2c. $FC\% = 33.2\%$ ($\$2.49 \div 6 = 0.415/\text{can}$; $41.5 \div 1.25 = 0.332 \times 100 = 33.2\%$)
- 2d. $FC\% = 42.8\%$
- 2e. $FC\% = 25.2\%$
- 2f. $FC\% = 17.2\%$
- 2g. $FC\% = 17.9\%$ ($\$9.12 \div 12 = 0.76 \text{ slice}$; $0.76 \div \$4.25 = 0.179 \times 100 = 17.9\%$)

FC% Computation Practice— Intermediate Level

Purpose

The purpose of this activity is to compute intermediate-level FC% problems.

Objectives

1. Use weight and volume conversions to compute FC%.
2. Compute intermediate FC% problems.
3. Find the menu price based on FC%.

Materials

- ◆ lab sheet
- ◆ VM-E
- ◆ writing utensil
- ◆ calculator (optional)

Procedure

1. Solve the following FC% problems. Show your answers rounded to the nearest tenth.
 - a. A gallon of milk cost \$2.99, and Kevin's Cafe sells a 12-oz glass for \$1.50. What is the FC% of a 12-oz portion?



- b. Shelly's recipe makes 12 dozen cupcakes at a batch cost of \$34.55. She sells each cupcake for \$0.75. What is the FC% for one cupcake?
- c. Ashton's Pasta Palace makes its own pasta, and Ashton sells the ravioli at a 14.5 percent food cost percentage. The portion cost of ravioli is \$1.71. Compute the ravioli menu price.
- d. The Saturday sales information for the Round the Clock Restaurant is breakfast at \$892.50, lunch at \$1,510.05, and dinner at \$2,307.88. The total food cost for the day is \$1,004.55. What was the Saturday FC% for the Round the Clock Restaurant?
- e. Dave makes chili in 10-gallon batches and sells it in 20-oz "to-go" cups. The batch costs \$59.10, and 20-oz cups sell for \$3.50. What is the FC% of a cup of Dave's chili?
- f. At Tom's Tennessee Chicken Shack, four-piece chicken dinners include four pieces of chicken, $\frac{1}{2}$ cup coleslaw, 6 oz French fries, and a dinner roll for \$7.25. Tom's food cost is \$1.60 for the chicken, \$0.22 for the coleslaw, \$0.29 for the fries, and \$0.07 for the dinner roll. What is the FC% of the full chicken dinner?

- g. If Tom's Tennessee Chicken Shack wanted to sell the same dinner (chicken, coleslaw, fries, and a roll) at a 14 percent food cost, what would be the new menu price?

- h. A full size sheet cake decorated for a graduation party costs \$88.95, and it has a FC% of 17.5 percent. What was the food cost? (HINT: To find the FC, use the opposite formula for FC%: multiply instead of divide.)

- i. A roast beef dinner and a fried catfish dinner each sell for \$12.95, but the roast beef dinner has a much higher FC%. How can that be if they both sell for the same price? (HINT: Use what you know about calculating FC% and your common sense to answer this question.)

- j. When you consider the real definition of "food cost percentage," explain why the menu (selling) price of an item goes up when the FC% goes down.

FC% Computation Practice— Intermediate Level

- 1a. $FC\% = 18.7\%$ ($\$2.99 \div 128 = 0.023 \times 12 = 0.28 \div \$1.50 = 0.187 \times 100 = 18.7\%$)
- 1b. $FC\% = 32\%$ ($\$34.55 \div 144 = 0.24 \div 0.75 = 0.32 \times 100 = 32\%$)
- 1c. Menu Price = \$11.79 ($\$1.71 \div 14.5 = 0.1179 \times 100 = \11.79)
- 1d. $FC\% = 23.1\%$ ($892.50 + 1510.05 + 2307.88 = \4710.43 ; $\$1004.55 \div \$4710.43 = 0.213 \times 100 = 21.3\%$)
- 1e. $FC\% = 26.4\%$ ($10 \text{ gallons} \times 128 \text{ (number of ounces/fluid gallon)} = 1280 \div 20 \text{ (portion size)} = 64 \text{ servings}$; $\$59.10 \div 64 = 0.92/\text{serving} \div \$3.50 = 0.264 \times 100 = 26.4\%$)
- 1f. $FC\% = 30\%$ ($\$1.60 + 0.22 + 0.29 + 0.07 = \$2.18 \div \$7.25 = 0.30 \times 100 = 30\%$)
- 1g. MP = \$15.57 ($\$2.18 \div 0.14 = \15.57)
- 1h. FC = \$15.57 ($\$88.95 \times 0.175 = \15.57)
- 1i. *The roast beef dinner has a higher FC% because beef has a higher food cost than catfish. If the food cost of one item is higher than another, but they sell for the same price, then a larger percentage of the sales are being spent to purchase the food, i.e., FC%.*
- 1j. *The smaller the percentage, or portion of every dollar brought in by sales, that is spent to pay for the food requires more overall dollars to pay for the food, effectively raising the price of the dish.*