



**COURT OF MASTER
SOMMELIERS EUROPE**

BUSINESS CALCULATIONS



BASIC PRINCIPLES OF PROFIT

A HEAD SOMMELIER OR BEVERAGE DIRECTOR MUST HAVE A FUNDAMENTAL BUSINESS INSIGHT THAT THEY CAN UTILISE AT WORK. TERMS AND CURRENCIES MAY DIFFER ACROSS THE WORLD, BUT THE BASIC PRINCIPLES APPLY.

You buy something, you then sell it at a higher price; the difference is your profit.

Selling Price minus Cost Price = Gross Profit

eg. You sell a wine at £25 that costs you £10; £15 is your Gross Profit

Cost Price plus Gross Profit = Selling Price

eg. You buy a wine at £10 and add £15 profit; £25 is your Selling Price

Selling Price minus Gross Profit = Cost Price

eg. You sell a wine at £25 and make £15 profit; £10 is your Cost Price

Note - Gross vs. Net Profit

Net Profit is your Gross Profit minus all the overheads such as Staff Costs, Heating, Lighting, Laundry Costs, Taxes, Rent etc. Net Profit needs to exceed zero or you will be losing money.

Other Terms used Globally

Gross Profit (GP) = Gross Income

Opening Stock (OS) = Beginning Inventory

Cost Price (CP) = Cost of Goods Sold (COGS)

Closing Stock (CS) = Ending Inventory

Selling Price (SP) = List Price, Marked Price, Retail Price

Margins

Stock / Inventory Variance

Difference = Purchases

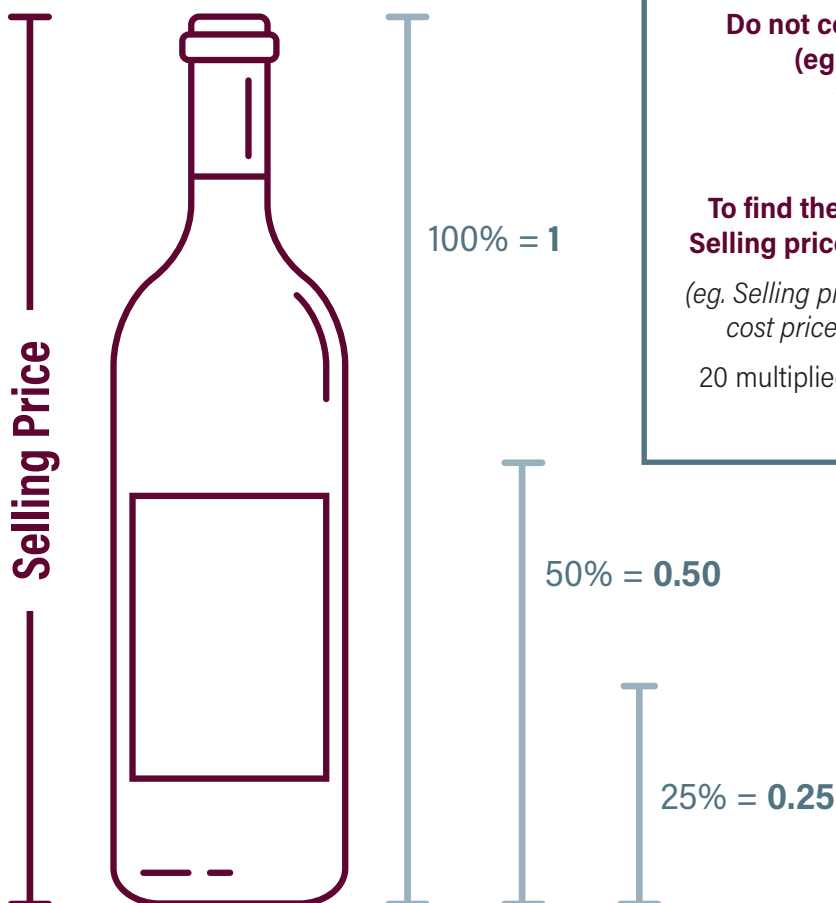
Units of currency - £ Pounds, \$ Dollars, Euros, Yen, etc

BASIC PRINCIPLES OF PROFIT

You sell a wine at £25 that costs you £10; £15 is your Gross Profit
Here you will make a £15 **cash margin** or a 60% Gross Profit Percentage

$$60\% (\text{£15}) + 40\% (\text{£10}) = 100\% (\text{£25})$$

$$\text{GP} + \text{CP} = \text{SP}$$



Do not confuse currency or monetary units
(eg. £, \$, €, ¥ they are CP, SP, GP)
with percentage fractions

(eg. 50%, 25%, 0.50, 0.25)

To find the profit/cost breakdown multiply the
Selling price by the Percentage fraction required

(eg. Selling price is £/\$/€/¥ 20 and you need to find the
cost price if you are making a 75% Gross profit).

20 multiplied by 0.25 (not 0.75 as this is GP not CP)

$$20 \times 0.25 = \text{£}/\text{\$/€}/\text{¥ } 5$$

SOMMELIER CALCULATIONS

A Sommelier should have the ability to calculate glass quantities per bottle in Centilitre, Millilitre and Ounces (1cl = 10ml) (750ml = 25.4 fluid ounces) (in USA)

(UK Imperial fluid ounces 26.4 oz = 750ml)

750ml standard bottle contains	6 x 125ml glasses
750ml standard bottle contains	4 x 175ml glasses (plus 50ml ullage/waste)

A Sommelier should have the ability to calculate pours of cl (centilitre), ml (millilitre) and ounces (oz.)

750ml standard bottle contains	15 x 50ml glasses
750ml standard bottle contains	7.5 x 100ml glasses

A Sommelier should have the ability to calculate Selling Price based on Gross Profit %

Selling Price = Cost Price divided by Cost Percentage eg. 40% = 0.4 eg. (1-GP%)

Eg. Cost Price (price to buy) is £25, calculate what is Selling Price with 65% Gross Profit

25 divided by 0.35 = 71.42 selling price would be £71.50



Question 1

You buy a 6-bottle (75cl) case of Port for £350 and are selling it in 100ml glasses. How much would you sell each glass for to make 60% gross profit (taxes not included)?

£350 divided by 6 = £58.33 per bottle cost price

7.5 x 100ml glasses per bottle

58.33 divided by 7.5 = £7.77 cost price per glass

7.77 divided by 0.4 = 19.45

Selling price = £19.50 (after rounding to nearest 50p)

SOMMELIER

CALCULATIONS

A Sommelier should have the ability to calculate Gross Profit % based on Selling Price

Gross Profit % = (Selling Price – Cost Price) divided by Selling Price

Eg. Cost Price (price to buy) is £25; calculate Selling Price with 65% Gross Profit

25 divided by 0.35 = 71.42 selling price would be £71.50



QUESTION 2

You buy a 12-bottle (75cl) case of Grand Cru Burgundy for £900.

Selling each bottle at £190 what would be your Gross Profit (taxes not included)?

900 divided by 12 = £75 Cost Price

Gross Profit % = 190 – 115 divided by 190

115 divided by 190 = 0.60 = 60% Gross Profit

A Sommelier should have the ability to calculate Cost Price based on Gross Profit %

Cost Price = (Selling Price divided by 100) x Gross Profit



QUESTION 3

**You sell a bottle of Bourbon for £75 making 30% Gross Profit (or COGS)
What is the Cost Price?**

(75 divided by 100) x 70 **OR** 75 x 0.7 = 52.50

Cost Price = £52.50

QUESTIONS



QUESTION 4

A guest has £100 budget per person for a 4-course dinner to which 25 people are invited. Your Chef is taking £40 for food.

1. At 33% cost price, what is your budget for wine for the 4 courses?
2. How many bottles will you need if each guest drinks a 125ml glass with each course?

£60 for wines. 4 courses of wine = £15 per course

33% cost = £5 per person, per course or £20 overall

750ml divided by 125ml = 6 glasses per bottle

25 glasses per course. 25 divided by 6 = 4.16 bottles

Must be 5 bottles per course, 20 bottles in total



QUESTION 5

A new wine by the glass costs £16.00 per bottle.

How much would you charge per glass for a 125ml pour at 33% GP?

6 glasses per bottle

£16 divided by 6 glasses = £2.66

£2.66 divided by 0.66 = £4.00 (3.97 rounded up)



QUESTION 6

You are organising a 2-hour Rare Malt Whisky tasting for 35 businessmen.

You have a budget of £125 per bottle.

At 20% cost what is your buying cost per bottle?

£125 × 20% = £25 per bottle

BUSINESS SCENARIO 1 (Answers on following page)

- You are the Head Sommelier in a prestigious Restaurant. You have worked with your General Manager on your department's Budget for the next financial year (starting today).
- Please note that you have scheduled to add 3 team members to the beverage team next year.
- Your Financial Director has received the plan below, but he is missing some essential information (White Cells)
- Please fill in the missing parts of that Budget, Round up to the nearest 10p.
- You will have 20 minutes.

Nb - All Taxes Are Included In The Figures			This Year			Next Year		
Categories	Product		Sales	Gross Profit	GP%	Sales	Gross Profit	GP%
Wines	Sparkling Wines		£525,000	£330,750		£565,000	£378,550	67%
	White Wines		£720,000		75%	£785,000	£588,750	
	Red Wines		£850,000	£612,000	72%	£860,000	£619,200	72%
	Sweet Wines		£78,000	£46,800	60%	£83,000	£51,460	62%
	Fortified Wines		£150,000	£82,500	55%	£165,000	£107,250	65%
	TOTAL			£1,612,050	69%	£2,458,000	£1,745,210	
Liquors And Spirits	Gin		£280,000	£229,600		£310,000	£257,300	83%
	Vodka		£230,000	£184,000	80%	£25,000	£20,500	82%
	Whiskies		£110,000	£73,700	67%	£125,000		67%
	Rum/Tequila			£54,400	64%	£85,000	£54,400	64%
	Cognac/Armagnac/Calvados		£28,000	£12,600	45%		£12,600	45%
	Liquors		£120,000	£98,400	82%	£135,000	£113,400	84%
	Vermouth		£8,000	£5,200	65%	£12,000	£9,000	75%
	Others		£3,500	£1,750	50%	£8,000	£4,800	60%
	TOTAL		£864,500	£659,650		£728,000	£555,750	76%
Beers And Ciders	Bottle		£280,000	£190,400	68%	£340,000	£244,800	72%
	Draught		£260,000		45%	£295,000	£177,000	60%
	TOTAL		£540,000	£307,400	57%	£635,000	£421,800	66%
Water And Soft Drinks	Water		£180,000	£156,600	87%	£230,000	£202,400	88%
	Mixers		£120,000	£98,400	82%	£155,000	£127,100	82%
	Juices		£5,000	£4,150	83%	£7,000	£5,810	83%
	TOTAL		£305,000		85%	£392,000	£335,310	86%
Tobacco	Cigars	TOTAL	£60,000	£27,000	45%		£40,800	48%
Total Beverages		TOTAL		£2,865,250	70%	£4,298,000		72%
Glasswares Purchased Inc. Taxes	Glasses						£118,000	
	Decanter			£16,500				
	TOTAL			£151,500			£130,000	
Sommelier Team Payroll				Salary per year			Salary per year	
	Head Sommelier			£72,000			£72,000	
	Assistant Head Sommelier 1			£45,000			£45,000	
	Assistant Head Sommelier 2			£32,000			£45,000	
	Bartender 1			£32,000			£32,000	
	Bartender 2						£32,000	
	Sommelier 1			£32,000			£32,000	
	Sommelier 2			£32,000			£32,000	
	Sommelier 3			£32,000			£32,000	
	Sommelier 4							
	Commis Sommelier 1			£25,000			£25,000	
	Commis Sommelier 2			£25,000			£25,000	
	Commis Sommelier 3						£25,000	
	TOTAL						£429,000	
Financial Budget	Total Beverages		£4,092,500	£2,865,250	70%	£4,298,000	£3,098,870	72%
	Glasswares Purchased						£130,000	
	Sommelier Team Payroll			£340,000			£429,000	
	Total			£2,373,750	58%	£4,298,000	£2,539,870	

ANSWERS TO BUSINESS SCENARIO 1

- You are the Head Sommelier in a prestigious Restaurant. You have worked with your General Manager on your department's Budget for the next financial year (starting today).
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	Vermouth		£8,000	£5,200	65%	£12,000	£9,000	75%
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	Sommelier 4						£32,000	
	Commis Sommelier 1			£25,000			£25,000	
	Commis Sommelier 2			£25,000			£25,000	
	Commis Sommelier 3						£25,000	
	TOTAL			£327,000			£429,000	
Financial Budget	Total Beverages		£4,092,500	£2,865,250	70%	£4,298,000	£3,098,870	72%
	Glasswares Purchased			£151,500			£130,000	
	Sommelier Team Payroll			£340,000			£429,000	
	Total		£4,092,500	£2,373,750	58%	£4,298,000	£2,539,870	59%

BUSINESS SCENARIO 2 (Answers on following page)

(12 minutes)

Please see the attached Excel document, highlighting part of your monthly stocktake and answer the questions below.

Task 1: There are various discrepancies in your stocktake report this month.

1. What is the Sales figure in £'s for these wines at end of the month?

Zarate, Albarino:	Brouilly:
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2. Please give three reasons why there may be discrepancies between closing, opening and difference on a stock sheet?

Task 2: There are various discrepancies in your stocktake report this month.

Please fill in the missing cells from the document, calculating the GP% and selling prices where appropriate: (20 points)

Please round your answers to the nearest percentage and do NOT take taxes into account.

Ruinart:	Benanti, Etna Rossa:
Bachelet-Monnot, Puligny:	Badenhorst, Cinsault:

Task 3: There are three errors in the wording of your wine list - please identify them and list below:

	Cost Price	Selling Price	%GP	Opening Stock	Closing Stock	Difference	Sales(£)
Champagne							
Ruinart, Blanc de Blancs, France NV	£45.00		71%	12	9	3	£465.00
Pol Roger, Brut Tradition, France NV	£40.00	£145.00	72%	24	12	12	£1,740.00
Agrapart, Terroirs, Blanc de Blancs, France NV	£45.00	£165.00	73%	16	7	9	£1,485.00
Bérêche et Fils, 1 er Cru Le Cran, Extra-Brut, France NV	£82.00	£220.00	63%	9	4	5	£1,100.00
Krug, Grande Cuvée, 169ème Edition, France NV	£250.00	£550.00	55%	6	5	1	£550.00
Eric Rodez, Rosé, France NV	£45.00	£120.00	63%	6	0	6	£720.00
Sparkling							
Gusbourne Rosé, Kent, United Kingdom 2018	£35.00	£100.00	65%	13	6	7	£700.00
White							
Zarate, Albariño, Rias Baixas, Spain 2021	£15.00	£54.00	72%	32	7	25	
Dog Point, Sauvignon Blanc, Martinborough, New Zealand 2022	£15.00	£55.00	73%	23	8	15	£825.00
Willi Brundlmayer, Grüner-Veltliner, Kamptaler Terrassen, Kamptal, Austria 2022	£20.00	£63.00	68%	11	3	8	£504.00
Argyros Estate, Assyrtiko, Santorini, Greece 2021	£25.00	£80.00	69%	8	6	2	£160.00
Bourgogne Blanc, Tollot-Beaut, Burgundy, France 2020	£20.00	£68.00	71%	21	5	16	£1,088.00
Puligny-Montrachet, Bachelet-Monnot, Burgundy, France 2019	£40.00	£130.00		12	7	5	£650.00
Château Musar, Blanc, Bekaa Valley, Lebanon, 2017	£25.00	£82.00	70%	4	3	1	£82.00
Brokenwood, Semillon, Vat 1, Hunter Valley, Australia 2017	£28.00	£96.00	71%	7	4	3	£288.00
Red							
Côte-Rôtie, Les Schistes, D. Clusel Roch, Rhône, France 2018	£35.00	£110.00	68%	14	8	6	£660.00
Domaine Bousquet, Malbec, Reserve, Mendoza, Argentina 2020	£12.00	£45.00		36	13	23	£1,035.00
Benanti, Etna Rosso, Sicily, Italy 2020	£15.00	£52.00	71%	24	7	17	£884.00
Côte de Brouilly, Les Sept Vignes, Château Thivin, Beaujolais, France 2018	£25.00	£80.00	69%	21	9	12	
Château Ducru-Beaucaillou, 2ème Cru Classé, St Julien, Bordeaux, France 2005	£220.00	£500.00	56%	3	2	1	£500.00
Roagna, Langhe Rosso, Piedmont, Italy 2017	£30.00	£105.00	71%	12	8	4	£420.00
Spätburgunder, Blauschiefer, Meyer-Nakel, Ahr, Germany 2018	£25.00	£85.00	71%	5	1	4	£340.00
AA Badenhorst, Dassiekop, Cinsault, Swartland, South Africa 2019	£27.00		70%	16	10	6	£540.00
Fortified							
Madeira, D'Oliveiras, Sercial 1999	£60.00	£180.00	67%	16	10	6	£540.00

ANSWERS

BUSINESS SCENARIO 2

Task 1:

1a. Albariño, Zarate, Rias Baixas: **£1,350**

1b. Côte de Brouilly, Chateau Thivin: **£960**

2a. Wastage from a by the glass listing - overpouring, underpouring, out of condition not recorded

2b. Miscounted during stocktake

2c. Theft or Incorrect Delivery

2d. Not properly allocated from other source, eg Tasting Menu, To Kitchen, Marketing/Gifts

Task 2:

Ruinart Blanc de Blancs: Selling price = £155 at 71%

Cinsault, AA Badenhorst: Selling price = £90 at 70%

Puligny-Montrachet, Bachelet Monnot: GP = 69% at £130 selling price

Malbec, Reserve, Domaine Bousquet: GP = 73% at £45 selling price

Task 3:

1. Sauvignon Blanc, Dog Point: from Marlborough, not Martinborough

2. Semillon, Vat 1: from Tyrells, not Brokenwood

3. Cinsault, AA Badenhorst: Dassiekop is a Chenin Blanc vineyard



COURT OF MASTER SOMMELIERS EUROPE

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