

Tuck Shop Background – Note to Instructors

Our school runs a Tuck Shop at recess break. We stock a variety of snack foods including beverages, chocolate bars, chips, pizza pops, muffins, ice cream bars etc. You can incorporate the running of a tuck shop as part of the curriculum for Personal Finance, Accounting, Marketing or an Entrepreneurship course.

Students are asked to purchase shares and invest in the business. This procedure serves two purposes:

1. To teach students about investing in a company and becoming a shareholder.
2. An incentive to ensure profits are made rather than having students “eat” their own profits.

As the school year progresses, you can incorporate many of the business decisions and operational strategies of the Tuck Shop in your course. Some possible lessons that could be incorporated include but not limited to:

- Business Planning
- Overall Concepts of Running a Small Business
- Marketing and Advertising
- Price Setting
- Inventory Control
- Financial Statements
- Investing
- Auditing (see below for sample)
- Sustainability
- Basic Math skills

Tuck Shop Audit

Please get into four groups of 3 or 4. As the management team, your job is to audit the books for the tuck shop after Term 1. The tasks are as follows:

1. You have been given the tuck shop inventory calculations in an Excel spreadsheet completed by your teacher. You are to audit the information and ensure that they are correct by matching the ending inventory values to the ending inventory count. You also need to make sure that any new boxes of products opened have been added to the opening inventory count so that the calculations for each week are correct. Did we make the correct amount of money each week based on what we should have sold and what is left in inventory? Are the calculations correct as in some weeks we are short and some weeks we have a large surplus.
2. Summarize the receipts and categorize them by product. Total the number of units for each product to get your total cost price of each item. Then calculate how much of each item was sold. Determine what items are popular and what are not.
3. Prepare the income statement for the Tuck Shop after Term 1. You will be using the periodic method of inventory and use the average cost method to value the products when they have been purchased at different prices. Paper plates would not be part of our inventory so it would be an expense.
4. Use Excel spreadsheets to do your financial calculations and summaries.

Below are some of the procedures used to run our tuck shop at our school. You may modify as you see fit for your particular tuck shop.

Tuck Shop - Company Shareholders

Rules for Purchase:

Shares are valued at \$1 plus brokerage (3% with minimum charge of \$0.75). Grade 12 accounting class members (including teachers) must buy into the company - minimum of 10 shares and maximum of 50 shares. With brokerage fees, 10 shares would cost \$10.75. Money must be received by October 4. A stock certificate will be issued.

Benefits to Shareholders:

If the Tuck Shop makes money, shareholders receive dividends. In the past dividends have amounted anywhere from \$1.55/share to \$3.00/share by the end of the year. At the end of the year, your share money is returned to you upon submission of your stock certificate. As a shareholder, you have input into the operation of the Tuck Shop.

Guidelines for the disbursement of profits:

25% of the annual profits will be declared as dividends to the shareholders. 50% of the profits will be put towards charitable donations and the remaining 25% will go towards capital improvements. Should the tuck shop lose money over the year, the shareholders will have to absorb the loss.

Tuck Shop Procedures

Counting Cash

- 1) The float is \$60.00 (includes any rolled coins).
- 2) Count the total of all cash. Leave \$60.00 in the cash box for the next day's float. Make sure you leave as much small change (i.e. quarters) and small bills as possible. Put away the "net sales" amount, coupons, and the cash sheet in the Ziploc bag and seal it.
- 3) Make sure the bills are always facing the same way i.e. the heads are all to the right and facing up in the cash tray. Keep any coin wrappers in the cash box that can be re-used.

Opening

- 1) Make sure the float is correct.
- 2) Make sure inventory was counted the previous day - check the inventory sheet. If it has not been counted, do a quick count or try and record what was sold on your shift and then do the normal inventory count at the end. Add what you sold to the total to get the previous day's inventory.
- 3) Make sure tuck is well stocked before you open. If something is not stocked - stock it.
- 4) **NEVER** open tuck until you are ready.

Things to Remember on Shift

- 1) Put all empty boxes in the recycling box. **DO NOT** leave boxes in the tuck shop.
- 2) When re-stocking, you **MUST** re-stock in **FULL** cases.
- 3) Keep shelving neat in appearance.
- 4) Keep all "penny" candies and licorice closed tightly so they do not turn hard.
- 5) If an item we sell is not listed on the inventory sheet, include it somewhere at the bottom of the list.

TUCK SHOP RESPONSIBILITIES

As an employee you are responsible for the following when you are working:

Start of Shift

1. You must arrive on time for your scheduled shift. I will be around to open the tuck shop for you. If I am not around, ask a teacher in the dept. to open it.
2. Check to make sure that the cash box is ready (i.e. that the float is correct and you have enough small change). While the tuck shop is open, you must keep an eye on your co-workers and how they are handling the money.
3. Ensure that the tuck is clean and ready for business.
4. Do a quick inventory count especially if you had a spare before working to ensure the count is correct.

During the Shift

1. Always keep the cash box away from customer reach. When you take someone's money, do not put it into the cash box until you have counted out the change. By doing this you will know how much they gave you in case you give them too much or too little change.
2. Pay attention to foreign currency and counterfeit currency. We do not do foreign exchange except for U.S. dollars. U.S. money is taken at par (equivalent to Canadian money).
3. Do not let people rush you. Take your time to count out the correct change.
4. Be polite and courteous to the customers.

End of Shift

1. You must ensure that the Tuck Shop is properly cleaned.
2. You must make sure that the cooler and freezer are properly closed and that all loose candy such as licorice are properly covered before you lock up.
3. You must fill in the cash sheet and calculate the revenue. Two of the three people should count the money to verify that it is correct. Both "counters" should sign the form. Enter the "profit" for the day into the Ziploc bag with the cash sheet and any coupons and seal it. It is a good idea to put away large bills in the Ziploc bag so that there is still enough small bills and change for the cash box the next day. At the end of the evening shift, you can leave the cash box in the tuck shop for me to pick it up later.
4. You must do an inventory count at the end of the shift and report to the class when you notice that the supplies are getting low.

General Rules:

1. If employees wish to buy food, they should do so by paying you or the other employee. You can set the example by buying your food through them. Therefore, **everyone** pays for food in the tuck shop and pays the same amount as all other students.
2. If inventory is found to be missing, the group working for the week will be responsible for the loss and each member is subject to losing the value of their share investment in the company.
3. Everyone is to pay cash. **NO CREDIT** is allowed.
4. Pennies are accepted, but customers who bring large numbers of pennies can expect to wait until you have had time to count them.
5. Only those scheduled workers are allowed behind the counter. If you are in the class, but not scheduled to work, it is expected that you purchase your items like every other student.
6. While you are working, you should not be eating or drinking.