

# Finance



ANNUAL FINANCIAL SUMMARY	YEAR ONE
<b>Sales Excluding VAT</b>	
Cafe internal	83,705
Cafe external	156,946
Additional outlets	0
Restaurant internal	43,428
Restaurant external	81,428
Events/Hospitality internal	272,195
Events/Hospitality external	510,366
<b>Total Sales</b>	<b>1,148,068</b>
<b>Costs of Income</b>	
Cafe internal	31,051
Cafe external	46,577
Additional outlets	0
Restaurant internal	17,251
Restaurant external	25,876
Events/Hospitality internal	65,064
Events/Hospitality external	97,596
<b>Total Costs</b>	<b>283,413</b>
<b>Gross profit</b>	<b>864,655</b>
<b>% of Sales</b>	<b>75.3%</b>

ANNUAL  
FINANCIAL  
FORECAST

OVERHEAD COSTS	YEAR ONE
<b>Labour</b>	
Labour	439,451
Labour %	38.3%
<b>Sundries</b>	
Uniforms	2,496
Marketing	27,454
Telephone and broadband	2,042
Staff Training	3,915
IT Systems	10,072
Stationery and print	2,893
Cash collection, credit card and bank charges	2,980
Cleaning materials	5,389
Disposables	7,319
Waste Management	4,936
Laundry	14,122
Repair and Maintenance	7,857
Light equipment replacement	6,978

Insurances	0
Utilities	31,198
Music System and PRS/Bar licence	4,992
Recruitment	3,120
Deep clean	3,744
Travel and Subsistence	3,744
Misc	3,688
Sundry costs Total	148,936
Sundry%	13.0%
Depreciation	19,875
<b>Total Overhead Costs</b>	<b>608,262</b>
<b>Profit</b>	<b>256,393</b>
<b>Guaranteed annual concessionary sum returned to Siemens</b>	<b>0.00</b>
<b>Concessionary return of sales £ to Siemens (minus guaranteed sum if applicable)</b>	<b>121,143</b>
<b>Total Concession to Siemens as %</b>	<b>10.55%</b>
<b>Total retained by caterer</b>	<b>135,249</b>

FINANCIAL ASSUMPTIONS	CATERER'S ASSUMPTIONS
<b>Sales Cafe and Restaurant excluding VAT</b>	
Please provide average spends/covers estimated for Restaurant sales per week	Average weekly covers we forecast to be 125 and sales to be £2610 ex VAT per week. The business split is 40% internal sales and 60% external and based on a 5 day week.
Please provide average spends/ transactions estimated for Cafe sales per week	Average weekly covers we forecast to be 780 and sales to be £5030 ex VAT per week. The business split is 40% internal sales and 60% external and based on a 6 day week.
Please provide average spends/transactions for any additional outlets per week	We haven't included this in our forecast as we view there to be a trade off between café sales and outlet sales. The business split is 40% internal sales and 60% external.
Please provide assumption with regard to tariffs and gross margin	Tariffs in the café are competitive against High Street chains presenting excellent value to the customer. Our gross margin reflects our purchasing power and the quality of product we propose to sell. The gross margin does take into account the 20% discount that internal staff get in the cafe, restaurant and hospitality.
<b>Sales Events Hospitality</b>	
Please provide a breakdown of estimated functions per week and assumption with regard to tariffs and gross margin	We forecast that there will be 18 functions per week with an average cover of 51. The covers look high because the large function capacities are skewing the averages. We have forecast an average room capacity uptake of 75%. We can provide further analysis of how we have arrived at this if needed.
Please detail your sundry costs and assumptions made on each area	All sundry costs have been compared against other public catering and conference and events business we have. The numbers the cost base has been reviewed by both Restaurant Associates and our Leisure and Sports Divisions.

## FINANCIAL ASSUMPTIONS

FINANCIAL ASSUMPTIONS	CATERER'S ASSUMPTIONS
Sundries	
Uniforms	Laundered chef whites and refreshing the uniform as needed - % based on existing business
Marketing	Includes menu packs (design and print), website, all signage, consultant chefs, trade show contribution, fam event contribution, social media maintenance
Telephone and broadband	% based on existing business
Staff Training	based on delivering excellent training program and engaging a lot of specialist support - % based on existing business
IT Systems	% based on existing business
Stationery and print	% based on existing business
Cash collection, credit card and bank charges	based on the cash volume going through the café and restaurant
Cleaning materials	% based on existing business
Disposables	% based on existing business
Waste Management	% based on existing business
Laundry	based on adhoc use of table cloths, kitchen tea towels and linen napkins - % based on existing business
Repair and Maintenance	% based on existing business
Light equipment replacement	ongoing replacement budget for crockery, glassware etc
Insurances	all our insurance is taken out by our central functions budget
Utilities	this is an unknown and is therefore based on conservative existing business
Music System and PRS/Bar licence	% based on existing business
Recruitment	for ongoing recruitment and work with local job centres etc

FINANCIAL ASSUMPTIONS	CATERER'S ASSUMPTIONS
Deep clean	% based on exisiting business
Travel and Subsistence	% based on exisiting business
Misc	contingency for unknown costs
Please indicate how your labour has been calculated and pay rates benchmarked	our pay rates are reflective of local business and set so we can recruit the quality we require to deliver. We have a fixed labour cost of £308k and a variable labour forecast of £130k this makes up our £433k total labour
Please indicate your level of capital investment and preferred contract term	We are willing to invest up to £200k in return for a 5 + 5 year term. Should the term fall short for whatever reason we would expect all unamortised capital to be repaid.
Please provide a breakdown of your proposed capital investment and costs	It covetr; outdoor and indoor tables and chairs, front of house equipment and back of house light equipment, all hospitality servive ware, signage and design installation, mobile bar unit, ofiice equipment, Systopia EPOS, communcation devices and 8% contingency
Please indicate in Year 2 and 3 what inflationary increases have been projected and assumptions made on sales growth	we have allowed for 4% inflation over the next three years. We would review tariffs in line with this each year
Please indicate your mobilisation costs incurred in connection with the contract	our mobilisation costs are forecast at £18k

## CONCESSIONARY PAYMENT

CONCESSIONARY RETURN	CONCESSION %	YEAR 1 €	YEAR 2 €	YEAR 3 €
<b>Sales</b>				
All external C&B Sales	20% of sales	96,988	111,260	124,611
All external Café Sales	8% of sales	12,556	13,686	15,328
All external Restaurant Sales	8% of sales	6,514	7,100	7,953
<b>Total</b>		<b>116,058</b>	<b>132,046</b>	<b>147,892</b>
<b>Guaranteed Sum</b>				
Please indicate the annual sum you are prepared to guarantee to Siemens if applicable	Based on 75% of previous year actual	0.00	87,044	99,035





## THREE YEAR FORECAST

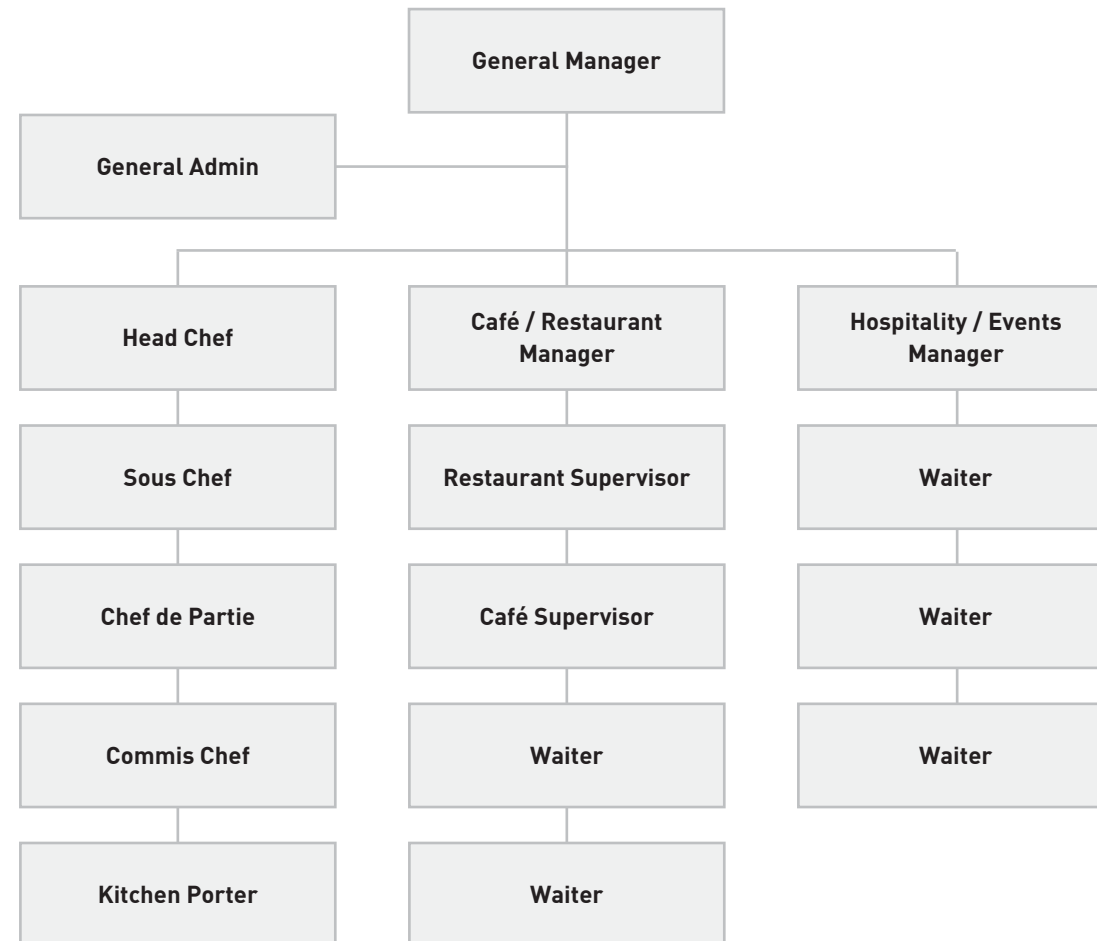
ANNUAL FINANCIAL SUMMARY	YEAR 1	YEAR 2	YEAR 3
<b>Sales excluding VAT</b>			
Cafe internal	83,705	87,053	90,535
Cafe external	156,946	171,071	191,600
Additional outlets	0	0	0
Restaurant internal	43,428	45,165	46,972
Restaurant external	81,428	88,756	99,407
Events/Hospitality internal	272,195	283,083	294,407
Events/Hospitality external	510,366	556,299	623,055
<b>Total sales</b>	<b>1,148,068</b>	<b>1,231,427.85</b>	<b>1,345,975.10</b>
<b>Costs of income</b>			
Cafe internal	31,051	32,293	33,585
Cafe external	46,577	50,768	56,861
Additional outlets	0	0	0
Restaurant internal	17,251	17,941	18,658
Restaurant external	25,876	28,205	31,589
Events/Hospitality internal	65,064	67,666	70,373
Events/Hospitality external	97,596	106,379	119,145
<b>Total costs</b>	<b>283,413</b>	<b>303,252.27</b>	<b>330,210.55</b>
<b>Gross profit</b>	<b>864,655</b>	<b>928,175.58</b>	<b>1,015,764.55</b>
<b>% Of Sales</b>	<b>75.3%</b>	<b>75.4%</b>	<b>75.5%</b>

ANNUAL FINANCIAL SUMMARY	YEAR 1	YEAR 2	YEAR 3
<b>Overhead Costs</b>			
Labour	439,451	471,359	515,204.64
Labour as % of Sales	38.3%	38.3%	38.3%
Sundry Costs	148,936	159,750.11	174,610.04
Sundry Costs as % of Sales	13.0%	13.0%	13.0%
Depreciation	19,875	19,875.15	19,875.15
<b>Total Overhead Costs</b>	<b>608,262</b>	<b>650,984.15</b>	<b>709,689.82</b>
<b>Profit</b>	<b>256,393</b>	<b>277,191.42</b>	<b>306,074.72</b>
Guaranteed annual sum returned to Siemens	0	90,857.39	30,891.51
Concessionary return of sales £ to Siemens (minus guaranteed sum if applicable)	121,143	41,188.68	117,000.09
Total concession to Siemens as %	10.6%	10.72%	10.99%
<b>Profit retained by caterer</b>	<b>135,249</b>	<b>145,145.35</b>	<b>158,183.12</b>

We propose to create a strong, experienced and flexible labour structure so that we meet the fine balance between best in class culinary and customer service standards whilst ensuring labour costs are reflective of the peaks and troughs in the business.

How we achieve this is by appointing an Operations Manager who is from commercial background and understands the nature of retail catering and conferencing and banqueting. Someone that also understands the important service dynamic of a shared target market; Siemens employees and the visiting public.

With the expertise and vast resource of our HR department, the Operations Manager will recruit an on-site management team, lead by an experienced General Manager and supported by a team of outlet specialists.



# LABOUR COSTS

STAFF ESTABLISHMENT	EMPLOYMENT COSTS BUSINESS LOUNGE									
Position	Hrs worked per day	Hrs Weekly	Hourly Rate	Weekly Total	Annual Total	E/ERS NI Costs	Holiday sickness	Pension	Weeks Paid	Annual Total
General Manager	7	38.8	19.50	755.625	39292.5	4,465	Self cover	786	52	44,543
General Administrator	8	40.0	11.00	440	22880	2,282	Self cover	458	52	25,620
Café / Restaurant Manager	8	40.0	12.50	500	26000	2,697	Self cover	520	52	29,217
Hospitality / Events Manager	5	37.5	12.50	468.75	24375	2,481	Self cover	488	52	27,344
Restaurant Supervisor	8	40.0	8.50	340	17680	1,591	Self cover	354	52	19,624
Café Supervisor	8	40.0	8.00	320	16640	1,452	Self cover	333	52	18,425
General Assistant	zero hour contract staff - budget is allocated in variable labour - their pay rate will be £6.75 p/h									
General Assistant	zero hour contract staff - budget is allocated in variable labour - their pay rate will be £6.75 p/h									
General Assistant	zero hour contract staff - budget is allocated in variable labour - their pay rate will be £6.75 p/h									
General Assistant	zero hour contract staff - budget is allocated in variable labour - their pay rate will be £6.75 p/h									
Kitchen										
Head Chef	8	40.0	19.50	780	40560	4,634	Self cover	811	52	46,005
Sous Chef	8	40.0	15.00	600	31200	3,389	Self cover	624	52	35,213
Chef de Partie	8	40.0	11.00	440	22880	2,282	Self cover	458	52	25,620
Commis Chef	8	40.0	9.00	360	18720	1,729	Self cover	374	52	20,823
Kitchen Porter	8	40.0	6.75	270	14040	1,107	Self cover	281	52	15,427
Total										307,862

### General Manager

In very much a hands-on role, the General Manager will oversee all outlets, spending the vast majority of time with customers, observing the service, supporting the front line team and driving sales growth by imparting on-the-job experience and knowledge with all catering staff. The GM will be very in touch with the marketing and planning side of the business and work closely with Continuum in engaging business growth campaigns. The GM will develop excellent relationships internally with Siemens Senior Management and also externally with neighbouring Compass contracts that can provide important contingency support. The GM will be a keen foodie at heart and ensure that the right questions are being asked of our outlet specialists and that our service standards are of best in class across the board.

### General Administrator

With excellent PC and internet skills this person will be support each outlet manager in making sure their bookwork is in order. We have proposed a slightly higher salary than normal because we also want this person to be the gatekeeper in administering the social media part of our marketing function; twitter, facebook, foursquare and any inbound email queries.

### Head Chef

The Head Chef will be the co-ordinator of the 'Pop-up' restaurant concept, be a quality innovator, ensure our food is sourced sustainably and liaises with our customers. The Head Chef will be an excellent cook by trade and impart these skills to not only the whole team, but with clients, visitors, customers; and therefore building the profile of the food quality and its role in the commitment to the building.

## POSITIONS AND KEY RESPONSIBILITIES

### Sous Chef

Supporting the Head Chef, the Sous Chef will be the driver behind consistent service delivery at exacting standards. This person will have excellent fine dining skills, as well as knowing how to bake an amazing cookie for a hospitality hot beverage tray. They will have banqueting experience and have an excellent understanding of seasonal produce and how to develop the menu in all areas.

### Cafe and Restaurant Manager

Reporting to the General Manager, this person will be from retail background; that means cafe or restaurant management experience. They will be equally enthused and adept in hosting a VIP lunch in the restaurant, as they are in delivering delicious cappuccinos, en masse, to the hordes of visiting families.

### Hospitality and Events Manager

Reporting to the General Manager this person will be proficient in delivering a faultless hot beverage service in the morning, managing the Business Lounge throughout the day and be just as capable of serving a 150 seat three course banqueting dinner in the evening. This person will liaise a great deal with our neighbouring contracts at the Excel, O2 and in Canary Wharf to ensure our labour meets the qualitative standards we pride ourselves on delivering.

As part of Compass Group, all Restaurant Associates received an excellent range of employee benefits; possibly the best in the industry. There are a great range of learning and development programmes for all ages and skills.

As well as receiving all standard holiday and pension entitlements, we propose to pay all full-time contracted staff the London Living Wage. On top of this they will have access to all the benefits that come with being a Compass employee. That includes discounts on many goods and services, including but limited to;

- Advice services for Personal Financial and Mortgage and Taxation
- Retail Vouchers, Personal Portraits, Electrical Discounts, Lifestyle Extras and special deal at Vodafone
- Sharebuy Scheme
- Vouchers for Childcare
- Discounts at Theme Parks and Attractions, Bowling, Cinema, Leisure Vouchers and restaurants
- There are a range of Holiday Discounts and good deals on Travel Insurance
- Compass provide a Discount On Bikes scheme

- Leisure discounts include Spa Vouchers, Salon Vouchers, Health Club Membership

There will be times when staff are expected to work late and we will acknowledge this by providing flexible work initiatives so that they're not expected back in early the following day. In cases when the lateness of the finishing time is deemed unacceptable for public transport we will provide transport for the staff.

In terms of guaranteed hours, we will, better than our competitors, be able to offer additional work in the local area when the Siemens catering volume is low. This is done through 'The Resource Network'. The staff will enjoy being a part of a larger team that isn't short of work and can share best practice without travelling far.

Training initiatives bespoke to the Siemens catering employees will include;

- Local Environmental and Suitability education with local Newham City Farm
- Engagement with East London Business Alliance (ELBA) in sessions concerning local employment development
- Multi-outlet catering management; on-the-job training at Excel and the O2

- Food merchandising for retail sales growth delivered by the restaurant team at Morgan Stanley, Canary Wharf
- Restaurant customer service skills delivered by our Restaurant Manager at Rhodes 24 in Tower 42
- Vegetable garden management delivered by Frosts Landscaping
- Culinary excellence delivered by on-the-job training at Roux at Parliament Square

### Case Study in Practice

The hospitality team at the O2 are currently doing some on-the-job training and development at Morgan Stanley in Canary Wharf as part of the local cross training initiative to improve in specialist areas.

In this case the team at the O2 want to improve their small - medium size event quality profile, with particular focus on quality buffet presentation. This will enable the team at the O2 to confidently improve their service delivery and build a local network from where they can draw best in class skills and support from.

We envisage this style of local support to be engaged at Siemens throughout mobilisation and throughout the contract term.

We will support Siemens catering employees in achieving their personal and career

development goals by:

- providing visibility in career development opportunities championed by the General Manager
- providing learning opportunities that support specific career development identified by our HR Business Partners
- ensuring there is role clarity and an understanding of the impact the job has on the service's success
- creating an environment where they can excel, building upon strengths and developing areas for improvement

These career path benefits are underpinned by the global Compass development programmes, open to all Siemens catering staff. These are structured programmes, created for each area of the catering business

- **Accelerate** (New Supervisors Development Programme) is accredited to a Level 3 Apprenticeship (In partnership with Edexcel)
- **The Academy** – this is a two year apprenticeship programme which is open to all colleagues to apply and aims to grow and develop future managers. This programme gives all delegates an apprenticeship Level 2 and 3.
- **Evolve** – is our management development programme which is now linked to a Level 4 qualification in Business and Administration (In partnership with Edexcel)
- **Mentor Programme** (for Evolve and Academy mentors) is now linked to ILM (Institute of Leadership and Management) certificate Level 5 in Coaching and Mentoring





A large percentage of the Restaurant Associates workforce live close their sites of work. We achieve this by;

- advertising all roles locally and working with Job Centre Plus to attract local candidates within the nearby community
- online job adverts on the Newham City Council website
- through our links with East London Business Alliance (ELBA), a charity set up specifically to find employment opportunities for people living in the 2012 Olympics host boroughs
- Internal recruitment as approximately one third of our 2300 London employees live in East London

In addition, seven Compass sites have been awarded contracts for the Olympics; including the Excel and O2 Arena. All contractors supporting the Olympics have to comply with certain diversity targets in their recruitment. This includes 20% of people coming from the host boroughs. We propose to use these guidelines and recruitment means when recruiting for Siemens.

The people employed for the duration of the Olympics will require permanent opportunities after the games are complete and we hope to play a big role in making this happen.

The pool of Olympic staff will be linked into our Resource Network team who will look to place them within our London businesses.

Therefore, when recruiting for Siemens we already have a strong network available to us to help us recruit as many people as possible from the local community. As detailed in the PQQ we will endeavour to reach the 80% target.



Restaurant Associates understand that there will be a significant proportion of local people, without a qualification, wanting to work at the new Siemens building. Therefore as part of our proposal we have profiled a qualification programme, that's already in place, that can support us in ensuring support local employment as well as meeting service ongoing quality development.

This includes;

- In conjunction with ELBA, promote apprenticeship qualifications where employees are paid while doing their job. This is an incredibly attractive option as for many it's the ideal way of helping them develop further skills
- Once employed mapping the training they do to the qualifications they can achieve makes it easy and relevant to the work they do day-in and day-out, and equips them with the skills to do a better job
- Encourage people to be motivated and engaged in learning and personal growth

The success of the Compass Qualification programme at Siemens will lead to external recognition for outstanding achievements. We currently have over 800 employees working towards a qualification. In terms of results, we have had a significant amount of learners who left school with no qualifications and gone on with our support to gain a qualification equivalent to five GCSEs in a year.

ITEM	PROPOSED SELLING PRICE INC VAT INTERNAL	PROPOSED SELLING PRICE INC VAT EXTERNAL
Tea, coffee tray (allow 2 cups each) per person	2.64	3.30
Homemade biscuits per person	0.72	0.90
Fruit Juice freshly squeezed (orange, apple juice per litre)	4.32	5.40
Bottled Water per litre sparkling and still	2.60	3.25
Simple Sandwich Lunch based on one round of sandwiches with mixed fillings, crisps, fresh fruit per person.	8.64	10.80
Two working lunch and cold buffet lunch examples that provide a healthy modern option to the customer. Please describe the menu below.		
Working Lunch 1 (per person)	13.92	17.40
Working Lunch 2 (per person)	16.80	21.00
Cold Buffet Lunch 1 (per person)	21.12	26.40
Cold Buffet Lunch 2 (per person)	24.00	30.00
VIP hot dinner menu per person. Please provide menu examples below:		
VIP 1	24.96	31.20
VIP 2	34.56	43.20
Day delegate rate to include tea or coffee and pastries on arrival, mid morning and afternoon tea ,coffee and biscuits. Lunch of sandwiches, fresh fruit platter, homemade cakes, fruit juices, tea and coffee. Mineral water and mints all day.	29.28	36.60

## BUSINESS LOUNGE COSTS

STAFF ESTABLISHMENT	EMPLOYMENT COSTS BUSINESS LOUNGE									
Position	Hrs worked per day	Hrs Weekly	Annual	Hourly Rate	Weekly Total	E/ERS NI Costs	Holiday sickness	Pension	Weeks Paid	Annual Total
General Manager	0.25	1.25	1,267.50	19.50	24.38	-	Self cover	25.35	52	1,293
Hospitality / Events Manager	0.5	2.5	1,625.00	12.50	31.25	-	Self cover	32.50	52	1,658
Waiter	4	20	7,020.00	6.75	135.00	173	Self cover	140.40	52	7,160
Waiter	5	25	8,775.00	6.75	168.75	406	Self cover	175.50	52	8,951
<b>Total</b>										<b>19,061</b>

ITEM	Number per week	Specification	Cost per Portion	Total Cost per week
Coffee fresh bean to cup	135	8 floz Cup including milk and sugar	0.28	37.80
Tea including speciality teas	40	8 floz Cup including milk and sugar	0.14	5.60
Water	135	Sparkling and still water 7 floz	0.12	16.20
Biscuits	130	2 Home made shortbread biscuits	0.24	31.20
<b>Total Cost per Week</b>				<b>90.80</b>
<b>Total Cost per Annum (252 days)</b>				<b>4,721.60</b>

ANNUAL COSTS OF BUSINESS LOUNGE	
Food and beverage Cost	4,721.60
Labour Cost	19,061.25
Sundries	0.00
Uniform	381.23
Disposables	283.30
Cleaning Materials	94.43
Other	
<b>Total Cost per Annum</b>	<b>24,541.80</b>