BOOKSTORE BUDGET POLICY

POLICY

1. General

1.1 The Bookstore will be operated as an ancillary enterprise on a break-even basis in each fiscal year.

1.2 The annual budget shall be submitted in line-by-line form to the Vice-President, Finance and Operations on March 1 for the following fiscal year.

1.3 The Bookstore may offer a discount based on the recommended list price for text books. The Bookstore Manager shall discuss any proposed discounts with the Bookstore Policy Advisory Committee before submitting the proposed budget.

1.4 The Trade Book and General Merchandise area will be operated on a break-even basis.

1.5 General merchandise shall be sold at the manufacturer's suggested retail prices or at an average margin of approximately 32%. This margin will range between 15% and 45% for some stationery items.

1.6 The Bookstore operation shall be managed with three revenue centres:

1.6.1 Textbooks
1.6.2 Trade books
1.6.3 General Merchandise

1.6.4 Administration
1.6.5 Office
1.6.6 Receiving
1.6.7 Cashiers

2. PROCEDURES

2.1 The Bookstore budget, including each of the revenue centres and cost centres, will be developed on the basis of the previous year's budget, experience of the operations until February, the revised forecast to March
31 of the current operating year, and estimates of factors to apply in the next year regarding enrolment, inflation rate, buyer resistance, shrinkage, etc.

2.2 It is expected that the budgets for the Bookstore revenue centres and cost centres will be developed as follows:

2.2.1 The forecast of sales will be based on a revised budgetary estimate to the fiscal year end, followed by a projection for the succeeding year. The projection will be based on sales trends observed in the current year, enrolment forecasts, and estimates of cost increases or decreases.

2.2.2 An examination of applicable margins, shrinkage and freight will be made to determine gross profit.

2.2.2.1 Operating costs in each of the budget areas will be assessed based on projections to the end of the current fiscal year and an estimate of costs which might occur during the ensuing fiscal year.

2.2.2.2 Details of casual help requirements will be developed from an examination of the workloads during the current year.

2.2.2.3 Other cost elements will be reviewed and projected into the new year, including an assessment for shrinkage.

2.2.2.4 The final result will provide the estimated annual cost of the individual revenue centres and cost centres.

2.2.2.5 Expenditures within each of the cost centres will be allocated to the revenue centres, using factors which have been approved by the Vice-President, Finance and Operations.

2.2.2.6 It may be necessary to reallocate estimated revenues or expenditures, or to adjust the unallocated amounts in the revenue centres, in order to arrive at a break-even position in each case.

2.3 Budget Guidelines

2.3.1 The proposed budget will be submitted in detail to the Executive Director of Student and Ancillary Services. This budget will include a comparison of the actual totals of the last completed fiscal year, the budget for the current fiscal year, the revised budget for the current fiscal year, and the proposed budget for the ensuing year.

2.3.2 A preliminary line-by-line budget will be prepared following a review of the draft budget by the Executive Director of Student
and Ancillary Services and the Vice-President, Finance and Operations.

2.3.3 Salaries will be shown on the basis of the applicable salary step on April 1 of the new fiscal year. Provision for salary and benefits increases and any reclassification changes will be shown in sub-code 6099 as a provision for salary adjustments.

2.3.4 Salaries, wages and benefits within text and trade profit centres should not exceed 16% of sales. Salaries, wages and benefits within the General Merchandise profit centre should not exceed 25% of sales.

2.3.5 Inventory levels within each profit centre should be planned to achieve the following minimum objectives:

2.3.5.1 a turn-over of 3.0 for text books

2.3.5.2 a turn-over of 2.2 for trade books In each of the above cases, turn-over is based on sales at retail and average inventory at cost.

2.3.5.3 a turn-over of 2.2 for merchandise in the General Merchandise Profit Centre based upon sales at retail and average inventory at retail.

2.3.6 The General Merchandise budget will include inventory financing, calculated on current short-term investment rates, and shall be based on the cost of an average of the estimated inventory.

2.3.7 A provision for major repairs and replacements will be provided in each of the revenue centres. Expenditures will not be charged to this account during the fiscal year. At the end of the fiscal year, any operating surplus in the Bookstore revenue centres will be transferred to a Bookstore and Campus Shop Reserve Account. Expenditures from the Reserve Account require the prior written approval of the Executive Director of Student and Ancillary Services and the Vice-President, Finance and Operations. The total amount of the provision for major repairs and replacements shall be determined on the basis of:

2.3.7.1 an inventory of furniture and equipment in the Bookstore and a provision calculated on the basis of the estimated life span of each piece of equipment;

2.3.7.2 an estimate of building renewal costs based upon 1/60th of the current building replacement cost.

2.3.8 Building service charges are to be assessed at cost, including all personnel benefits.