Sample balance sheet for a small restaurant

To get the best experience, you'll need to upgrade or access from another device. ASSETS Fixed Assets Cash $20,000 Receivable $15,000 Stocks $150,000 Total Current Assets $185,000 Non-Current Assets Equipment and Facilities $50,000 Business Premises$ 650,000 Vehicles $70,000 Total Non-Current Assets $770,000 TOTAL ASSETS $955,000 Current Liability Accounts Payable $25,000 Overdraft Bank$ 10,000 Credit Card Debt $5,000 Tax Liability $30,000 Total Current Liabilities $70,000 Non-Current Liabilities Long-Term Business Loan $1,450,000 Long-Term Business loan 2 $ 50,000 Total non-current liabilities $ 500,000 TOTAL LIABILITIES $ 570,000 NET WORTH $ 385,000 EQUITY OWNERS $ 385,000 This Guide will teach you: What are the financial statements What are the four financial statements How to read the financial statements How to create your own financial statements Understanding the financial statements of a restaurant is a key step in completing your business plan. Read more: Choosing the corporate structure of a restaurant What are the financial statements? Financial statements are reports created to show the total financial condition of an enterprise. They are a formal record of financial activity. These records are important because they reveal the financial well-being of the business. P&L — Income statement is also called: Income statement Income statement Income statement Income statement Income balance sheet of the income statement — Balance sheet is also called: Statement of financial statements on assets and liabilities Cash flow statement — Cash flow statement is also referred to as: Changes in the income statement — Changes in the equity statement are also called: Changes in the equity statement : Owner's Equity Statement Of Retained Earnings The statement of changes in equity Read More: Selection of quarterly reports on the corporate structure of the restaurant The P&L statement, balance sheet and cash flows are completed every three months or four times a year. That's why they're called quarterly reports. Quarterly financial statements contain financial data for an enterprise during each three-month period. Annual reports After the first year, you will also prepare an annual version of the same reports. Use full year data as the reporting period. Finally, you also create financial statements that compare data from multiple years. This will show the restaurant's financial health over the years. It will show good years, bad years and the rate of growth (or loss) during the life of the business. Read more: Choosing a Restaurant Business Structure A detailed explanation of each financial statement Next, we'll look at each financial statement in detail. You will learn how to read the financial statement and how to complete your own. P&L Report A P and L is the profit and loss account for the restaurant. It uses a very simple formula that tells you how much money you have left after taking into account all the costs involved Business. Although it's a simple concept, it may be the most important number in your business. P&L Terminology Terms used for P&L are sometimes confused, so it can be a little confusing when you first learn. It's important to know what people are talking about. P&L can also be referred to as the profit and loss account. A sale can also be referred to as income or income. Costs can also be listed on P&L as expenses. And profits can also be called net income. Keep this in mind, and it will all be much easier. When discussing profit and loss, these conditions are thrown around interchangeably, even if they mean the same thing. When you're doing your own P&L, it's a good idea to break sales and costs into subcategories that are meaningful to you. For example, sales grouped by type of service (Dine in, Takeout, Delivery) and Costs divided into costs of food, utilities, rent, etc. Example of a profit and loss account: Read more: Choosing a restaurant's corporate structure Balance sheet shows the net worth of a restaurant. You can think of a balance sheet as a set of measures showing liabilities on one side and Assets on the other. They show the balance of where we get the name. The purpose of the balance sheet is to determine how the scale is tilted. This means that if you lose money, you make money or even break. Some terms used in the balance sheet are used interchangeably. Keep these concepts in mind when learning about balance sheets. Another name for liabilities is debt. An example of debt is a loan. The amount of credit shall be recorded in the Liabilities column of the balance sheet. But the result of the loan-lump sum in cash provided to you by the bank - is recorded as an asset. Equipment with a long-term value or property purchased by an enterprise is also recorded in the Assets column. Even if you still pay them, these items are your property. The remaining amount you owe is a liability. In this example, the assets and liabilities balance because the debt is approximately equal to your asset. If you want to fill in the balance sheet for your restaurant list all your assets in one column List all your liabilities in another Deduct your liabilities from assets What's left is your restaurant's net worth, if net worth is a negative number, that is, your restaurant owes more than it's worth. That's what they say to be in a hole, upside down or in red. Ideally, your assets and liabilities balance. Or better yet, assets outweigh the debts. However, when you start a new restaurant there will probably be a period when your business owes more. That's why running a restaurant is risky. It takes a large amount of capital for the business to start generating its own revenue. Here's an example of a restaurant's balance sheet: At the startup stage, you'll spend some of your assets on operating costs, which are expenses. Costs are services and available items that do not 2015 long-term value. Read More: Choosing a Business Restaurant Cash Flow Statement The cash flow statement is used to get the handles on the money to go and emanating from the business. In other words, it tracks the flow of cash over the period. The cash flow statement gives readers an impression of the health of the business. This will help you understand the difference between making money on paper and actually having usable dollars in your account. Terms of the cash flow statement Cash coming into the enterprise is called inflows and can also be referred to as cash. Money going out of business is outflow, or can be called cash out. Because the cash flow statement is a tool for understanding how cash enters and leaves an enterprise, receivables (loan sales) are not counted as cash until they are actually paid. Debts incurred by a restaurant are recorded only in the cash flow statement when service is paid on the debt. The balance of the total debt is not recorded in the cash flow statement because it does not affect the available cash. Calculate cash flow for the period Start with your restaurant's net income at the beginning of the period. Now add the influx of cash: From the sales of food, beverages, goods and other services that your restaurant provides, such as delivery fees and hosting events. Record the inflow of investment from the sale of any property. This is your total cash inflow for the period. Deduction of all operating outflows, also called income: Subtract all outflows of investments Subtract all outflows This is your total outflow for the period. Sum the values to see how the ending cash compares to the beginning of the cash. The difference in these two values is the net monetary change. This is the final figure representing the cash flow of the restaurant over this period. Here's an example of a cash flow statement: Read more: Choosing to change a restaurant's corporate structure in the equity statement (owner equity statement) Changes in the equity statement are a way to measure restaurant owners' contributions to the business. It also shows an increase or decrease in the value of the restaurant. Changes in equity formula Commencing capital + Additional contributions + Net income - Withdrawal = New equity Amount New equity is the owner's equity at the end of the period. The difference between the starting capital and the new amount of equity is the change in the owner's equity. Example of changes in the equity statement: Read more: Selecting the summary financial statements of a restaurant's corporate structure are key documents that an enterprise uses to track and inform investors. Knowing the four basic financial statements is an important first step towards owning a restaurant business. The financial statements shall be completed for each quarter as well as for each year. The four financial statements are the profit and loss account, the balance sheet, the cash flow statement and changes in the income statement. These reports are an important part of your restaurant business plan. When they are completed have to have much better understanding of your restaurant business financial health. This free resource offers you Rezka and is part of our library of resources for restaurant owners and managers. Rezku is a leading developer of hospitality management systems. Our mission is to help business owners like you find more success through innovative and affordable technology solutions. Contact Rezka today for a free restaurant management consultation. Read more about Rezka on our homepage. Homepage.