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FREE GUIDE · 2026/27 · UPDATED OCTOBER 2026

Accounting for Pubs, Bars & Restaurants

VAT, tips, payroll, stock and cash flow for hospitality businesses

Zen Bookkeeping & Advisory
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Hospitality businesses deal with high volumes of transactions, tight margins, changing staff rotas and some of the trickiest VAT rules around. This guide covers the essentials for pubs, bars, cafés and restaurants.

> *"I started Zen to make finance feel calm and clear for business owners. I hope this guide answers your questions, and if anything doesn't quite fit your situation, I'm always happy to talk it through with you."*
>
> **Ann Williams**
> Founder, Zen Bookkeeping & Advisory

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01 VAT in hospitality

Sale	Usual VAT treatment
Food and drink eaten on the premises	Standard rate (20%)
Hot takeaway food and drinks	Standard rate (20%)
Alcoholic and soft drinks	Standard rate (20%)
Most cold takeaway food	Zero rate (0%), with exceptions such as crisps, confectionery and sweets
Room hire and accommodation	Usually standard rate

✦ Watch your till settings

Mixing up eat-in and takeaway sales, or hot and cold food, is one of the most common VAT errors in hospitality. Make sure your till system records them correctly.

02 Tips, gratuities and tronc

- Since 1 October 2024, employers must pass on **all tips** to workers in full, without deductions (other than tax), and share them fairly.
- You must have a **written tipping policy** available to staff and keep records of how tips are allocated for 3 years.
- Tips are always subject to Income Tax.
- Tips paid through a properly run **tronc**, where an independent troncmaster decides the allocation, are usually free of National Insurance.
- Tips can't be used to top up pay to the National Minimum Wage.

03 Payroll and staff

- Pay at least the **National Minimum Wage** (£12.71 an hour for workers aged 21 and over from April 2026), checking every pay period for variable hours.
- Irregular-hours staff can accrue holiday at **12.07%** of hours worked.
- Seasonal staff must be assessed for auto-enrolment each pay period.
- Statutory Sick Pay is paid from the first day of sickness.

04 Stock, margins and cash

What to track	Why it matters
Gross profit (GP) by category	Food and drink margins should be monitored weekly
Wastage and stock losses	Regular stock takes reveal waste, over-pouring or theft
Daily takings vs bank	Reconcile till, card and cash every day
Staff costs as a % of sales	One of your biggest controllable costs
Cash flow through the seasons	Plan ahead for quiet months and big supplier bills

✦ Zen tip

Connecting your till and card terminals to cloud software gives you daily figures automatically, and monthly management accounts show which parts of your business are most profitable.

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How Zen can help

We understand hospitality numbers and help you run a more profitable, compliant business.

- Daily bookkeeping and till reconciliation
- VAT returns and advice
- Payroll for variable-hours staff
- Tips and tronc
- Stock and margin reporting
- Management accounts

Book a free, no-obligation call

Tell us about your business and we'll explain how we can help, with a tailored fixed-fee quote for just the services you need.

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