

Starting a new restaurant business is exciting, but it's easy to overlook critical financial requirements that are essential to long-term success. We've created this restaurant setup checklist to help make sure nothing gets missed.



## Legal Structure & Registrations

Before you turn on the lights, you need to get the basics right:

- **Choose your business structure**

Decide whether to operate as a partnership, LLP or limited company. Each comes with different tax, accounting, and compliance implications.

- **Partnership:** Business run by two or more people sharing responsibilities and profits; partners are subject to income tax on profits
- **Limited Liability Partnership:** Partnership where the owners' liability is limited to their capital contribution or investment in the LLP
- **Limited company:** separate legal entity, corporation tax charged on profits

Speak to us to determine what's best for you.

- **Register your business**

You must register with Companies House (for limited companies) and HMRC for tax purposes. We can help you get set up.

- **Do I need to register for VAT?**

If your turnover exceeds the £90,000 threshold, VAT registration is mandatory. Even below that, voluntary registration might benefit you - especially with high start-up costs - as you may be able to reclaim the VAT paid.



## Funding Your Restaurant

Cash flow is key. Explore all funding options early:

- **Debt (for example, bank loans)** - A common way small, independent restaurants get the capital they need. This can allow you to have more control over what you do with the operations of your restaurant. You get to retain ownership but will pay interest over a set amount of time.
- **Equity** - An investor takes part-ownership of your restaurant in exchange for a cash investment. This is long term capital that can benefit the business if you have little to no revenue or cash and are unable to get a bank loan. The right investor might also bring on board additional expertise. The investor might expect dividends to be paid, and if you wish to regain full control you will need pay for their exit.



## Accounting System and Management Reporting

- **MTD Compliance for VAT**

Making Tax Digital (MTD) is an HMRC VAT reporting requirement. Your accounting system used will need to be compatible. Suitable options include Xero, Quickbooks, and Sage. We can help you choose which option is best suited to your business and help you get set up.

- **Integration**

Can the Point of Sale (POS) systems link with the accounting system for reliable and quick figures?

Do you need a TRONC system set up? A TRONC is a separate organised payment arrangement for tips and service charges. Recent changes to service charge rules now entitle staff to 100% of tips and service charges.

### Processes and System Control

- How will the business be run on a day-to-day basis? Setting up processes will make it easier to have a clear plan. e.g. ordering when inventory is below a certain level, how will you pay back any business expenses paid via employees and keep track of them? Who will make bank payments for your suppliers and how frequently?
- The systems you use will need to be controlled for safety, efficiency, consistency and reliability. For example, who will have password access, and rights to access and make payments via the bank account?

### Management Reporting

We can assist with budgeting, forecasting, and reporting investor-ready financials. This up-to-date reporting can help you analyse revenues, costs and profitability. KPI tracking such as Gross Profit %, Revenue per cover, Staff costs to Turnover. This is an effective way to measure how your business is performing.





## Business Rates & Premises

Location matters but so does what comes with it:

- **Business Rates**

Check your liability and whether any small business rate reliefs apply.

- **Premises (Buying vs Renting)**

**Buying** - Do you need to own the premises? It can be better for long term investment; it gives more stability and control. However, all maintenance on repairs and upkeep of the property is your own responsibility and could be costly.

**Renting** - Would renting suit your needs when starting out? There will be lower upfront cost, a flexibility to relocate or adapt for a larger space. Although, costs like rent could be increased after initial agreement and there may be limited control on modifications since you do not have full control on what can be done on the premises.

- **Equipment**

**Buying** - Full ownership gives you complete control on how and when the equipment is used, upgraded or replaced. At the end of the equipment's useful life you can sell it, which can reduce total cost of ownership. However, you will be responsible for all maintenance costs which may get pricey depending on what issues you encounter. For example, broken equipment cannot be returned or sold.

**Finance Lease** - This will have cheaper starting costs as you will pay a monthly fee and this can protect the capital you have available. The leasing company may assume responsibility for the repairs and replacement costs. If you believe that there will need to be several upgrades due to technological advancements or the business needs then it may be the better option over buying.

From 2026, there are changes to the way leases are accounted for under FRS 102. Our Accounts team are able to assist if you have questions about these.

- **Capital Allowances**

Capital allowances are the way in which tax relief is given for the cost of acquiring capital assets such as equipment, machinery, business vehicles, and so on. Restaurant fit-out costs need to be analysed carefully in order to ensure capital allowances are optimised. Do you have a detailed schedule of works to facilitate this?



## Pricing Strategy

How will you price your food and drinks?

- **Competitor Analysis** - What are your competitors doing? Could you gain a competitive advantage through more informed decisions on pricing, menu offerings, service style, marketing and more?
- **VAT Rates** - Restaurants typically need to charge 20% on their food. However, there can be various scenarios where the treatment should be 0%. Our VAT team can help ensure you treat your supplies correctly for VAT purposes.
- **Margins** - Gross Profit Margins (GPM) and Net Profit Margins (NPM) can be vital for a restaurant; they provide a measure of financial health and how well the business is running, allowing for informed decisions on pricing, cost control and efficiency, in order to adapt to challenges and opportunities.



## Payroll & Employment Setup

Hiring staff? You'll need to comply with employment regulations:

- **Set up PAYE with HMRC**  
Required in order to operate a payroll and take on staff.
- **Employment Allowance**  
Small employers may be eligible for up to £10,500 relief on Employer National Insurance Contributions.
- **Pension**  
Employers must provide a workplace pension scheme and make contributions to employees' pensions as long where applicable criteria are met.





## Finance Team

You will need to decide who will be managing essential financial operations for the business, and decide which approach better meet your needs:

- **In House** - Greater control, quicker access to real-time data, internal team understand the business culture and operations better.
- **Outsourcing** - Higher expertise, scalability, lower cost and allows you to focus on the core business.



## Other things to consider:

- **Licences & Permits** - There will be requirements needed to run a restaurant e.g. Public liability, Alcohol licence, Pavement licence.
- **Insurances** - Protect the business against a range of risks e.g. Employer's liability, Property insurance.
- **Building a team** - When employing staff you will need to be aware of rules and costs, such as Employment Law, staff benefits, training.

## ANY OTHER DETAILS NEEDED?



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