

GP and VAT cheat sheet for pubs and cafés

Pin it by the pass or the office PC. Every price below is worked out from dated UK wholesale pack prices (JJ Foodservice and Morrisons, 10 Oct 2026).

Scan for the free tools: getprepsheet.com/for-pubs-and-cafes



The three formulas

Price ex VAT = menu price ÷ 1.2 (VAT in a 20% price = price ÷ 6)

Food cost % = ingredient cost ÷ price ex VAT × 100 **GP %** = 100 – food cost %

Price ex VAT for a target GP = ingredient cost ÷ (1 – GP) e.g. at 68% GP: cost ÷ 0.32

Always work GP on the price *without* VAT. VAT is HMRC's money, not margin.

Price per £1 of plate cost

Target GP	Price ex VAT per £1 cost	Menu price inc 20% VAT per £1 cost	Multiply plate cost by
65%	£2.86	£3.43	3.43×
68%	£3.13	£3.75	3.75×
70%	£3.33	£4.00	4.00×

The VAT trap

A dish costs £3.85 and sells for £14.00 inc VAT. GP worked on £14.00 looks like **72.5%**. On the real takings, £14.00 ÷ 1.2 = £11.67, it is **67.0%**. Only the second is right.

VAT on what you sell

Sale	VAT
Food or drink eaten in (inside, or your own tables outside)	20%
Hot takeaway food (chips, a hot pie, a bacon roll to go)	20%
Cold takeaway food (a sandwich, a slice of cake to go)	0%, generally
Alcohol and most soft drinks, wherever drunk	20%

Source: HMRC VAT Notice 709/1 (Catering, takeaway food) and 701/14 (Food products), gov.uk. A summary only: check the notices or an accountant for borderline items.

Real dishes, costed

Dish (getprepsheet.com/recipes)	Ingredient cost per portion	Price at 68% GP
Steak and ale pie with chips and peas	£2.84	£10.66 inc VAT (£8.88 ex)
Scampi and chips	£1.98	£7.43 inc VAT (£6.19 ex)
Ploughman's lunch	£2.52	£9.47 inc VAT (£7.89 ex)
Beans on toast	£0.60	£2.27 inc VAT (£1.89 ex)
Egg mayo sandwich	£0.57	£1.78 takeaway (0% VAT) · £2.13 eat in
Carrot cake with cream cheese frosting	£0.49	£1.52 takeaway (0% VAT) · £1.83 eat in

Ingredient cost only (no packaging, labour or energy). Prices rounded to the penny; full ingredient lists and sources on each recipe page.

Before you reprice

- Recost your top 10 sellers when a supplier price list changes, not once a year.
- Cost the garnish, the sauce pot and the fryer oil top-up: small lines add up across a batch.
- Use real yields: peeled, trimmed and cooked weight, not the weight you bought.
- The UKHospitality × Christie & Co benchmark puts food GP at 65.9–69% across segments. The dishes on this sheet are priced at 68%.