**. KITCHEN**

**Profit Tip: Understanding Unexplained Difference**

 Unexplained difference is the dollar difference between the P&L food cost and QCR food cost.

 P&L food cost equals Beginning Inventory +

Food Purchases +

Food Promotion -

Food Transfers +/-

Ending Inventory -

*P&L Food Cost*

 QCR food cost equals Base Food +

Raw Waste +

Completed Waste +

Employee Food +

Stat Loss +

Discount Coupons

*QCR Food Cost*

 Unexplained difference is added to or subtracted from the QCR so that the QCR food cost equals P&L food cost.

 What causes unexplained differences?

o Differences between the amount entered for “bill ledger” sub-total versus what was posted for purchases.

o If there are more dollars on “bill ledger” than on the “purchases” side, this would cause a positive unexplained difference

o If there are more dollars on the “purchases” side than on the “bill ledger”, this would cause a negative unexplained difference

o If a purchase (Martin Brower, Auto Rolls, Bulk Oil or Co2) was not entered in the ISP this will cause an unexplained difference

o Inventory errors

o Recipe errors or items with negative actual usage (per Inventory Stat Report)

o Unrecorded food transfers affect unexplained after Day 1 (e.g. Unrecorded transfers-in understate stat loss though-out the month and therefore unexplained difference is overstated to offset stat loss)

 The following are ways to troubleshoot and resolve unexplained difference at the store level:

o Post or enter all invoices the same day that you receive them.

o Ensure all inventory items (raw products) have the correct pricing on the ISP.

o Ensure all your invoices are posted (Martin Brower) and entered into the ISP accurately such as: Martin Brower/Auto Rolls/RTI (Bulk Oil)/ and Co2

 Take accurate inventories; conduct two separate inventories by two managers. If you have an unexplained difference and cannot figure out why it exists, re-inventory.