

P.R.O.F.I.T. Program

Chart of Accounts

The follow items are included in the Revenue portion of the Income Statement

Hair Services - Includes hair cuts, up do's, shampoo & style, conditioning

Color Services - Includes color, hi lite's, partial color

Perm Services - Includes Perming and straightening

Massage Services - Includes Massages and Body Treatments

Facial Services - Includes Facials, Make up Services, and Skin Care Services

Manicure Services - Includes Manicures, Acrylics, fills, and color changes

Pedicure Services - Includes Pedicures

Shop Charge - Includes TAPS charge

Misc. Service Sales - Includes all services not included above, examples would be waxing and tanning

Subtotal Services - adds up all of the above

Retail Sales - Includes all Retail Sales

Subtotal Retail Sales - adds up retail sales

The follow items are included in the Cost of Goods Sold portion of the Income Statement

Commissions-Services - Includes hair stylist and spa employees who are doing the services described above

Commissions-Retail Sales - Includes the commission paid to the stylists for selling retail products and the salaries paid to the retail specialists

Wages - Receptionist - Includes the wages paid to the receptionists handling the front desk and to customer coordinators.

Wages - Other - Includes wages paid to contract labor, stylist in training and salon/office managers

Payroll Taxes - Includes the payroll taxes that the employer is responsible for. This includes FUTA, SUTA, FICA, Medicare, and Unemployment. This **does not** include what is withheld from the employee's check.

Cost of Merchandise - Includes the cost of retail that has been sold. The easy equation is (Beginning Inventory) + (Purchases) - (Ending Inventory) = Cost of Merchandise.

Supplies Used/Back Bar - Includes the cost of the back bar used/Purchased. If inventory is taken on a regular basis then the equation is the same as cost of merchandise.

Revenue - Cost of Goods Sold = Gross Profit

The follow items are included in the Operating Expenses portion of the Income Statement

Rent - Includes the rent/lease payment for the salon, including CAM.

Utilities - Includes the electricity, water, gas, garbage, etc...

Repairs & Maintenance - Includes the expenses associated with keeping the salon clean and in good working order. For example, cleaning fees for someone cleaning the salon, light bulbs, cleaning supplies, repair expense.

Equipment Lease - Includes the lease payments for equipment

Advertising - Includes all forms of advertising and promotion

Bank Fees - Includes bank services charges and credit card services charges

Insurance - Includes liability insurance

Legal & Accounting - Includes all legal expenses, accounting expenses, payroll service expense, and PROFIT program expenses

Laundry - Includes all expenses having to do with doing laundry whether you have an outside service or not. If you do not have an outside service this would include the washing soap and such

Employee Benefits - Include medical insurance, 401K employer expenses, pension plan expenses

Education - Includes the education expenses for the class/seminar and the travel expenses associated with the class

Travel & Entertainment - Includes all travel and entertainment expenses not associated with education

Office Expenses - Includes all expenses associated with the office, for example office supplies, office expense

Telephone - Includes telephone expenses

Postage - Includes postage and delivery expenses

Dues & Subscriptions - Includes expenses for magazine subscription, association dues, and membership dues

Other Income/Expense - This is kind of the catch all line, it can include donations, contributions, cash (over) short, licenses, penalty and fines, taxes, automobile expenses, miscellaneous, and other income.

Gross Profit - Operating Expenses = Operating Profit

The follow items are included in the Non - Operating Expenses portion of the Income Statement

Interest Expense - Includes interest expense from loan payments. In addition please include a debt repayment schedule for the cash flow forecasting.

Depreciation - Includes depreciation expenses and amortization expenses from equipment and the salon

Owner's Salary - Includes the owner's salary or officer's salary as long as they are not working behind the chair anymore. Otherwise their salary belongs under Commissions-Service

Operating Profit - Non - Operating Expenses = Net Profit Before Taxes

Cash Flow Accounts

Loan Repayments - Includes the principle part of your monthly loan payments.

Capital Expenditures - Includes the money that you spent on equipment/building that was not immediately expense on the income statement.

Increase in Financing - Includes the money you received from the bank when a loan was taken out.

Service Revenue

Retail Sales

Total Sales

Cost of Goods Sold

Gross Profit

Operating Expenses

Operating Profit

Non - Operating Expenses

Net Income before Taxes