

Cafe claudeen case study

[Business](#)



After purchasing this building on the square in Monroe, they quickly went about the business of renovating it and they opened for business in the spring of 2004. Recently, Cafe© Claude has expanded by renting a facility in Winslow, Illinois. Irish facility is one that is being renovated and opened in honor of some locally famous individuals including Doc Carver and Mary Fuller (Wilson, K. , p.

1). As they expand into another small community, Cafe© Claude will be operating under a new name and expanding their business to include an old-time “ general store.

The setup of this store and restaurant is comparable to that of America’s famous Cracker Barrel restaurants. Cafe© Claude is, as mentioned afore, in the food service industry, where it is becoming increasingly well known for serving “ high-end breakfast and lunch for a mostly local clientele,” (Wilson, W. R.).

Their daily operating activities include, but are not limited to, opening the restaurant, preparing food, serving food, waiting tables, cleanup, purchase transaction accounting, logging of all accounting information, and many more things.

Cafe© Claude has been organized by its three co-owners as an LLC (Limited Liability Company) that is registered in the state of Wisconsin. When asked, Ryan Wilson expressed that the primary reason Cafe© Claude has been setup as an LLC was for the increased liability coverage (Wilson, W. R.).

Once Ryan has finished what he had to say on the matter this point was even further clarified. From Willow's perspective, organizing the business as an LLC was the option after the option of a sole proprietorship was considered.

Becoming any kind of " Corporation," as they are defined by John Wild in Financial Accounting: Information for Decisions, was never an option that was even considered by the Nilsson trio, according to Ryan (Wilson, W. R.).

According to Ryan, he has not yet noticed any disadvantages to having his organization setup as an LLC. Of course, the exception is that he wishes he could get around taxes and other government obligations, but that is to be expected no matter what the setup of an organization. All things considered, however, he did point out two very distinct advantages to having the company setup as an LLC.

First, he pointed out that it is a very simplistic setup (or as simplistic as setups can be), so it freed up much of his time to focus on making the business profitable through guest relations, easily identifiable ways to cut costs, etc. Also, he mentioned that the LLC format gives him and the other co-owners the ability to get cash to flow a bit more directly into their pockets from the business (I.

E. There are less hoops to jump through in accounting and government obligations when setup as an LLC, so the owners can rapidly and adjectively use the money they have made in the business).

For Cafe© Claude, Ryan Wilson is the business owner that takes charge of the accounting for the business. He admits that the accounting that is done for the business is lacking completeness, but he hopes to be able to spend more time on it and rectify this situation in the winter months. Cafe© Claude becomes increasingly slower as the winter proceeds until the month of January or February when business begins to pick up again. One thing that the company is almost certainly lacking is an effective way to prepare and distribute interim financial statements.

Without any prompting other than simply asking the question, Ryan informed me that they do “ nothing complete or official” when it comes to interim statements (Wilson, W. R.). He hopes to begin Improving this bad practice by creating an interim statement once in the middle of the year in addition to the annual statements. Although I was very surprised when I heard the answer, I asked Ryan what sort of accounting practices Cafe© Claude uses. To my surprise, he said they use cash based accounting for their entire business.

He also explained to me that most saturate owners will actually keep three sets of books: one for tax purposes, one for banking purposes, and one that establishes sale value of the business. Though none of these may be incorrect according to GAP, they convey the same information ‘ ere differently. Ryan says that his principle is to use cash based accounting as long as he can get away with it because it eliminates the need to run three books, but he also recognizes that the business will soon have to switch over to accrual based accounting if they continue to be successful (Wilson, W.

R. .

Regarding the use of worksheets to prepare financial statements, Ryan claims that he has not seen any need to use them for two reasons thus far: First, the cash based accounting method has managed to keep the businesses accounting practices very simplistic and so there isn't much information to " work on a worksheet. " Also, the Increasing effectiveness of technology and software seems to do a good deal of the Nor for him when it is properly setup and utilized for the business.

The spreadsheet technology on the business's computer is what Ryan relies on ere heavily for his accounting practices at Cafe© Claude. The business has invested in various online and hardware backup systems because of this heavy reliance on the technology and records to store and interpret data. Once again, I was surprised to find out that the software program Ryan uses for the business is nothing more or less thatMicrosoft' s Excel. Perhaps there was an expectation that it would be some fancy and expensive software that the business uses, but the accounting that is being done is simply being done in Excel.

Perhaps the most interesting piece of information to learn from Ryan was how Eng it takes him to complete annual financial statements after the reporting period is over. According to him, it takes him approximately four to eight weeks to put everything together in the annual statement. I asked if he felt this was a long period of time to take in order to get this done, and he replied with, " I suppose it's the average amount of time taken" (Wilson, W. R.

) Although Cafe© Claude does not do a great Job with accounting according to APP and other important principles, they seem to be a growing business.

It is important that they understand as they continue to grow and expand that proper accounting practices are increasingly important to both consumers and owners in today's business world. While Ryan admits that he is not doing a great Job, he also seems to be seeking ways to do it better as time goes on. It is the effort to improve that will ultimately lead Cafe© Claude to successful accounting practices. Regarding the ethics of doing accounting wrong in some ways, as Ryan seems to be doing, it comes down to the important question of intent. Is it Ryan's intention to get more proficient and, ultimately, more effective at accounting?

If so, then his moraine is not unethical in regards to the things he is doing wrong.

Fortunately for all parties involved, however, as Cafe© Claude continues to grow, Ryan's accounting habits continue to grow with it! References Nil, J. (2013). Introduction to accounting. In B. Gordon (De.), Financial Accounting: Information for Decisions.

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