

HOTEL ACCOUNTANCY

HOTEL Accounting

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OBJECTIVES

- To know about Internal Hotel Management Reports
- To know about the use of Daily Revenue Reports
- To know about the use of Revenue Forecasting Reports
- To know about the revenue changes and profit changes

DAILY/WEEKLY REPORTS USED BY HOTEL MANAGERS - I

- Previous Week or Previous Day's Report summarizes the actual operating results under HM's area e.g. Room type wise revenue earned, market segment wise revenues, other revenues, REVPAR, occupancy %, direct expenses incurred, Labor costs, areas to be taken care of etc
- Next Week or Next Day's Report summarizing forecasts about all above points and also the directions, where to concentrate by the HM
- HM to discuss about any changes required in it

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DAILY/WEEKLY REPORTS USED BY HOTEL MANAGERS – IIContinued.....

- Previous Day's Daily Revenue Report also called Sales & Occupancy Report, Gross Revenue Report etc
- Month to date accumulations, budget etc
- It contains:
 - Hotel daily revenue by department
 - Hotel daily room statistics
 - Restaurant & Banquet summary
 - Hotel Market Segment information
 - Actual Vs Budgeted

LABOUR PRODUCTIVITY REPORTS

- Labor Productivity and wage cost actual information for a day or week and forecasts thereon
- Measures for Labor Productivity for Front Office & Housekeeping Departments:
 - Labor Hours per room sold
 - Rooms cleaned per shift
 - Labor Hours per consumer

WAGE COST %

- Front Office Wage Cost : Actual vs Forecasts –
Front Office Wages / Total Room Revenue
- Wage cost per Occupied Room: Total Wage Cost / No. of Rooms sold
- Housekeeping Wage Cost: Total HK Wage Cost / Total Room Revenue
- Restaurant Wage Cost: Total Restaurant Wage Cost / Total Restaurant Revenue

WEEKLY INTERNAL MANAGEMENT REPORTS - I

- Budget for next week – starting of weekly plan
- Changes to be made in budget after reviewing recent reports, volume levels, season etc
- Manager's Revenue forecast & wage schedule
- Analyzing actual performance w.r.t. forecasts
- Based on Manager's Experience, corrective actions in next week's budget / operations

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WEEKLY INTERNAL MANAGEMENT REPORTS – II ..Contd..

- Weekly Revenue Forecasts: Use of daily data on rooms sold, arrivals, departures, average rate, revenues etc
- Weekly Wage & Cost: Use of Ratios & formulas with the measures of performances
- Weekly performance of Service Center departments e.g. R & M, Sales & Marketing, Security, Accounts, Administration etc

MONTHLY INTERNAL MANAGEMENT REPORTS

- Monthly P & L Statement Department wise: Useful for management for department wise analysis
- Consolidated Monthly P & L Statement: Useful for management and outsiders like investors, bankers, employees etc
- Comparison with Other hotels, Budgets, previous month etc & decisions on any changes to be made

COMMONLY USED TERMS

- Incremental : beyond what was expected, gained or added further
- Variation : Different from the base No. – positive or negative
- Cost Management Index (CMI) : Expected Levels of expenses and profits at given incremental changes in revenues – Known as Retention and Flow Thru also
- Fixed Expenses : Remain constant regardless of volume & level of business
- Variable Expenses: Changing directly with the volume and level of business