

**Specialized Accounting
(Hotel Accounting)**

**Cihan University
College of Administrative & finance
sciences**

**Department of Accounting
Level : Forth year
Second Semester**

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2023**

Syllabus hotel accounting:

- Introduction to Accounting Hotels (concept and definition)
- Hotel activity properties
- The books and records and accounting entries
- Financial ratio analysis and used in hotels
- Composition of tourism and hotel facilities
- Inventory and final accounts for Hotels

Sources and references :

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Hotel Accounting

Introduction:

Study of service installations accounting in terms of its concept and its importance, and the similarities and differences with commercial accounting, the accounting treatment for operations service installations and hotel accounting and hospital accounting and association accounting , clubs and accounting of cooperative societies and companies sea, air and land transport, and private universities, schools and businesses.

Definition of hotel & Tourism companies :

Tourist facilities are places allocated mainly to welcome tourists and offer different services from food and beverages that are consumed in the same place, as well as providing services to internal and external tourism.

Activity Hotels properties :

1. Seasonal fluctuations in demand rates.
2. Quick Cash deal.
3. Several of hotel activity.
4. Inability production for storage.
5. Geographical hotel activity.
6. Rely on the human element

Revenue and expenses of hotels :

Revenue :

1. Guests revenues.
2. Food revenues.
3. Beverage revenue (cold, hot, spiritual)
4. Support Services revenue, such as: (washing, ironing, phone, swimming pools, tennis courts, shops commercial revenues, cloning,).

Expenses :

1. Purchases of food and supplies.
2. Purchases beverage of various kinds.
3. asset purchases of furniture, appliances and equipment, kitchenware ...
4. General and administrative expenses (such as wages and salaries, advertising

Accounting entries :

1. purchases are recorded in the book of Hotel:

from : purchases
To : Total creditors

2. When you record enrollment purchases returns for the period from to.

From : Total creditors
To : purchases returns

3. Journal: Note payable (respect this book bills under which the hotel vows to repay the amounts for other)

From : Total creditors
To : Note payable

4. Cash Journal : respect this book logged internal and external cash flows movement (either by check or Cash)

Receipts hotel

From: Cash
: Bank
To : Total debtors (wages rooms)
: Restaurant
: beverage general halls
: Other Services

The hotel payments:

From : purchases
: Total creditors (the payment to suppliers)
: Note payable
: petty cash fund
: wages and salaries
To : Cash or Bank

The preparation of financial statements of the hotels

First, the income statement of the Department of exploitation of rooms :

This is the most important part of the productive sections of the hotel and came revenue from rooms sales ,discounts given to the guests and deduct expenses.

detail	amounts	amounts	amounts
<u>Total revenue:</u>			
Rooms revenue	××		
Public halls revenue	<u>××</u>		
= Total Revenue		××	
- Discounts (Allowance)		<u>(××)</u>	
= Net Income			×××
 <u>Direct expenses:</u>			
Wages and salaries	(××)		
Social Insurance	(××)		
Employee benefits (food)	<u>(××)</u>		
= Total direct expenses		(××)	
 <u>Indirect expenses:</u>			
Contract cleaning (hygiene)	(××)		
Commission tourist companies	(××)		
Laundry and ironing	(××)		
Linens	(××)		
Guests Supplies	(××)		
Employee benefits (wear)	(××)		
Other expenses	<u>(××)</u>		
= Total Indirect expenses		<u>(××)</u>	
= Total expenses			<u>(×××)</u>
= Net profit or (loss)			××××

Example 1:

Balance extracted from books Ashty Hotel fiscal year ended 31/12/2021 and especially department of exploitation of rooms

Rooms revenue 24,048,000, laundry and ironing 1,118,000, general halls revenues 4,456,000, guests supplies 694,000 , discounts for guests 1,064,000, commission agents tourism 62,000, wages and salaries 8,262,000, employee benefit (wear) 184,000 , employee benefit (food) 912,000, linens 698.000 , Insurance Social 250,000, and other expenses 186,000 , hygiene expenses 468,000 , if you know that:

Number of rooms in hotel 150 room, the number of rooms unused 120 rooms, number of guests 5,000 .

Required :

Prepare the income statement of the department of the exploitation of the rooms at 31/12/2012

Second: income statement for the restaurant and beverage department:

The revenues of this department sale of foods and beverages minus discounts or allowances granted this does not include food and beverage employee this department in the hotel.

detail	amounts	amounts	amounts
Sales revenue main dining halls	××		
+ Cafeteria sales revenue	××		
+ Sales galleries Night service revenue	<u>××</u>		
= Total Sales		××	
- Discounts		<u>(××</u>)	
= Net Sales		××	
+ Revenues halls and concerts		××	
+ Entry fee		<u>××</u>	
= Total Revenue			×××
<u>cost of sales:</u>			
- The cost of foods and drinks consumed		(××	
- The cost of food and beverage workers	(××		
- Sales of Fat and bones	<u>××</u>		
= Net Cost of sales		<u>(××</u>)	<u>(××</u>)
= Gross profit or (loss) Sales			×××
<u>Direct expenses:</u>			

Wages and salaries	(xx)		
food for workers the Section	(xx)		
Social Insurance	<u>(xx)</u>		
Total direct expenses		(xx)	
<u>Indirect expenses:</u>			
Depreciation of pottery and silver	(xx)		
Expenses hygiene	(xx)		
Depreciation of kitchenware	(xx)		
equipment	(xx)		
Laundry (Sink)	(xx)		
clothes workers	(xx)		
Linens	(xx)		
Copyright cost of menus food	(xx)		
and drink	(xx)		
Stationery	(xx)		
Orchestras costs	(xx)		
Trims	(xx)		
Miscellaneous expenses	<u>(xx)</u>		
Total indirect expenses		<u>(xx)</u>	
Total expenses			<u>(xxx)</u>
Net profit or (loss			xxxxx

Example 2:

The following data was extracted from the books of Azmer hotel related of department of restaurant and beverage at 12/31/2019:

Food sales in the halls and cafeteria 79,877,000 , beverage sales 30,204,700 ,net revenue halls and concerts 1,535,000 , allowances 438,600, the cost of consuming foods 34,025,600 , the cost of beverage 7,593,200 , the cost of fat and bones 3,818,200, wages and salaries 37,110,200, meals workers in section 1,920,800 , Social Insurance 4,000,000, depreciation pottery and silver 1,713,100 , expenses of hygiene, 779,000, 339.000 consumption of kitchen equipment, laundry(sink) 1,101,300 , 2,569,700 miscellaneous expenses, bands 3,596,800 , 1,111,300 fuel, clothes workers section 508,700.

required / prepare the income statement of the Department of the restaurant and beverage at 12/31/2019

Third: the income statement of the department of telephones and fax:

came revenue of external and internal calls for guests in addition to the hotel commission for these services minus allowances or discounts granted to guests and is the hotel management calls .

detail	amounts	amounts	amounts
Revenue internal calls	××		
+ Revenue external calls	××		
+ Fax and telex	××		
+ Commission	××		
Total revenue		××	
Allowances or discounts		<u>(××)</u>	
Net sales			××
Cost of sales:			
- The cost of a internal call	××		
- The cost of external calls	××		
Subscriptions periodic	××		
Rent Rooms devices	××		
Total cost of sales		××	
- Calls management and sections hotel		<u>(××)</u>	
Net Cost of sales			<u>(××)</u>
Gross profit or loss			×××
<u>Direct expenses:</u>			
Wages and salaries	××		
Meals for workers the Section	××		
Social Insurance	××		
Total direct expenses		(××)	
<u>Indirect expenses:</u>			
Consumption (depre.) devices	××		
Stationery	××		
clothes workers	××		
Other expenses	××		
Total indirect expenses		<u>(××)</u>	
Total expenses			<u>(××)</u>
Net profit or (loss)			××××

Example 3:

the following of books Chrakhan hotel in 12/31/2021

revenue of internal calls 750,000 , revenue of external calls 1,250,000, the commission 300,000, allowances 25,000, bills of internal calls, 500,000, bills external calls 750,000, Subscriptions periodic 425,000, Rent devices 375,000,calls of management sections the hotel 150,000 , meals for workers in section 65.000, wages and salaries 100,000 , Social Insurance 16,000, consumption devices 17,000, wear workers 20,000, miscellaneous expenses 7,000, stationery 15,000 .

Required / prepare the income statement of the Department of telephone and fax in 12/31/2021

Financial Analysis and hotel ratio

Ratio, is a number or value is expressed through a number or other value.

There are two types of used ratios in hotels:

1- Operating Ratio

2- Accounting Ratio

First : Operating Ratio :

1- The ratio of occupancy of hotel rooms :

The ratio of occupancy of rooms = Number of rooms occupied(used) / number of rooms are valid for rental \times 100%

Example 4 :

In a hotel there are 170 rooms, including two rooms for the use of management and 18 rooms of various sections of , 90 room used by guests .

Required : find a ratio of occupancy of the rooms in the hotel?

2. The Ratio of double - occupancy :

This means that the rooms are rented out twice a day at different times from different persons .

The Ratio of double occupancy = the number of guests - the number of rooms occupied / number of rooms rentable \times 100%
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Example 5 :

Number of rooms rentable in the hotel equal to 250 rooms including 200 rooms were rented by 230 people.

Required : find a ratio of double occupancy in the hotel?

3- The average price

The average price per room = total revenue for the rooms / Number of rooms used

Example 6 :

In the previous example, the total revenue 2,000,000 dinars required : What is the average room rate?

4- average of spending power :

Average of spending power of the guests = Total hotel revenues / number of guests

Example 7:

Total hotel revenue equals 2,000,000 dinars, and the number of guests to hotel Lashkar 250 guest

Required :What is the average spending power of the guests at the shkar hotel?

5- Ratio of guest costs

Ratio of guest costs = Total costs guests / Total revenue guests × 100%

Example 8 :

If the number of guests to the hotel Miran 200 Guest ,costs each guest 7,000 dinars and Total revenues 2,000,000 dinars.

Required : find ratio of the costs each guest.

6- Ratio of profitability activity guest :

Ratio of profitability activity guest = Total revenue guest - Total costs guest / Total costs guest × 100%

Example 9 :

The same as the previous example, but the total revenue 2,100,000 dinars

Required : find a ratio of profitability activity guest ?

Second : Accounting Ratio :

The importance of these financial ratios shown by comparing the hotel's financial performance over several years by comparing similar percentages for successive years.

1. Current Ratio :

Relationship between current assets and current liabilities sometimes called working capital .

$\text{Current ratio} = \text{Total current assets} / \text{Total current liabilities}$

Note :

(Must be current assets ratio is higher than current liabilities in hotels usually 2: 1).

Example 10 :

Total assets and liabilities of the hotel Sarchnar as follows:

Cash 2,000,000, cars 8,000,000 , furniture 3,00,000, Inventory 13,000,000 , creditors 1,000,000,notes payable 4,000,000 dinars

Required : Find Current Ratio for Sarchnar hotel

2: Quick current ratio

$\text{quick current ratio} = \text{quick conversion assets to cash} / \text{current liabilities}$
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NOTE: In many institutions are excluded (overdraft) from current liabilities
When calculating this ratio

Example 11 :

If current asset Hotel 20,000,000 dinars , inventory are difficult to convert to cash 5,000,000 dinars, current liabilities 7,000,000 ,discounts, overdrafts 2,000,000.

Required : What are quick current ratio?

3- Return on Assets :

$$\text{Return on Assets} = \text{Net profit} / \text{total fixed assets}$$

Example 12 /

Furniture 5,000,000, buildings 6,000,000, cars 4,000,000, net profit hotel 3,000,000 dinars.

Required : find ratio of return on assets.

4. Inventory Turnover :

This rate is used to measure inventory turnover rate, the greater the inventory turnover rate greater management efficiency in the management of procurement and inventory control.

$$\text{Inventory Turnover} = \frac{\text{cost of sales}}{(\text{begining Inventory} + \text{ending Inventory}) / 2}$$

Example 13 :

cost of sales Zozik hotel 36,000,000 dinars , the begining Inventory 2,000,000 dinars, ending Inventory 4,000,000 dinars

Require : What is the inventory turnover rate?

5- Net profit ratio :

$$\text{Net profit ratio} = \text{Net Profit} / \text{Net sales} \times 100\%$$

Example 14:

The total expenses Skala Hotel 18,000,000 dinars and net revenues hotel 20,000,000 dinars , if you know that the number of units that have been sold 10,000 units, sales price 2,000 dinars per unit

Required : What is the ratio of net profit?

$$= 20,000,000 \text{ dinars}$$

$$\text{The ratio of net profit} = 2,000,000 / 20,000,000 \times 100\%$$

$$= 10\%$$

Composition of tourist companies

The tourism and hotel facilities collectively owned for a group of individuals, whether in the form of a partnership where the number of limited partners (Solidarity company) or were in company funds, where the number of shareholders more (company limited by shares or limited liability) share the partners in any hotel or tourist facility as follows:

1. In the case of payment of the cash :

From: cash

To : Capital Partner ...

2. In the case of payment of the quota or more :

From: share partner

To : Capital Partner ...

From: cash

To : partner's share

3. prove the value of kind payment of share:

From: Cash

: Real estate (bulding)

: Furniture

: Devices and equipment

: Cars

To : Capital Partner

Example 15 :

at 01/07/2013 agreed in (Muhammad, Hiwa, Ari) formation simple tourist transport company with a capital of 6,000,000 dinars ratio of 3: 2: 1 respectively and partners agreed to repay their shares in cash

Required : recording accounting entries

Inventory and final accounts hotel

At the end of the fiscal year it is necessary for the hotel to prepare the final accounts to measure results hotel business of profit or loss for that period and show its financial position at that date after the preparation of trial balance do actual count and make inventory adjustments necessary what is showing the inventory of facts and information about the balances of those accounts , at this point be the hotel management in a position to prepare final accounts.

The balance of the trial balance with no evidence of the validity of the accounting work, there are a range of errors not discovered are taken from the trial balance , most important:

1. repeat entry or delete entry.
2. Not record entry based on the principles of accounting .
3. The error in the amounts.
4. reverses in amount.
5. equal errors.

Example 16 :

value of fixed assets in a hotel 5,000,000 dinars and the total depreciation during the last period was 2,100,000 dinars sale of assets of 3,200,000 dinars.

Required : record Accounting entry Hotel Chya

End