

HOTEL ACCOUNTANCY

CHAPTER – 3

ACCOUNTING DEPARTMENT ORGANIZATION AND OPERATIONS

OBJECTIVES

- Organization of Hotel Accounting Departments and its Operations
- Organization of Restaurant Accounting and its Operations
- How Hospitality Managers work with Accounting Departments in preparation of financial statements
- Accounting structures for large & small hotels and Chain restaurants

LARGE HOTELS

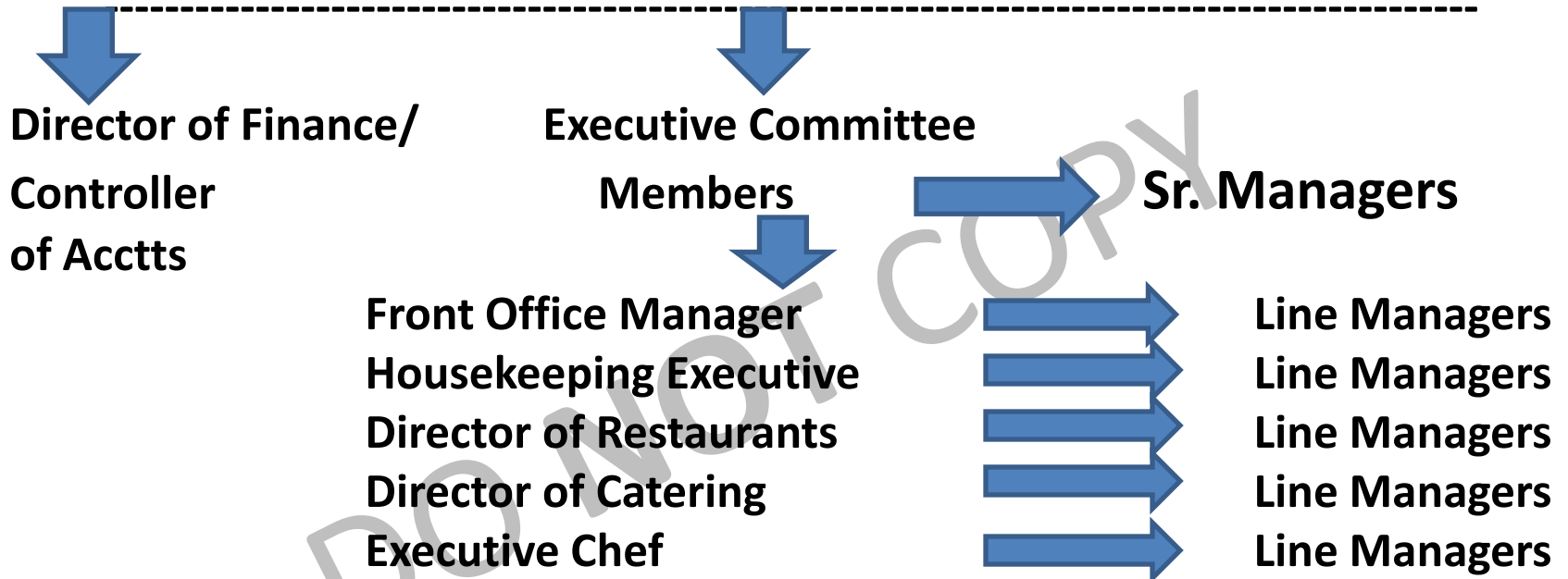
- Wide Range of Hotels having Wide range of Activities like Sleeping rooms, Food & Beverage outlets, Catering functions, Meeting Room Rentals, Gift Shops, Valet Laundry, Health Workout facilities, bellmen etc such as Corporate Hotels, Airport Hotels, Suburban Hotels, Convention Hotels & Resorts
- Separate Accounting Department(s) provided

OTHER THAN LARGE HOTELS

- No wide range of amenities & services
- Accounting activity by involving Manager himself in the activity
- Corporate Centralized Accounting work in Chain of Hotels through co-ordination
- Each Restaurant to provide Daily Operating Information to Corp. Accounting Office

ORGANIZATION CHART

GENERAL MANAGER



GENERAL MANAGER

- **Top level of Authority & Responsibility for different activities & operations of Hotel**
- **Relies on specific Senior Managers of each operating departments**
- **Senior Managers directly interact with customers**
- **Operating departments like Rooms Deptt, Food & Beverage Deptt etc**
- **Service Deptts like Sales & Marketing, HR, Engineering, Accounting, Repairs & Mainte. etc**

EXECUTIVE COMMITTEE OR LEADERSHIP TEAM

- **Group of Sr. Managers on Exe. Committee**
- **Direct Responsibility for overall operations of their departments**
- **Directly Reporting to General Manager**
- **Generally more than 10 years experience**
- **G M fully relies on them for detailed aspects of operation in the department under each Sr. Manager**

DEPARTMENTAL HEADS

- **Direct Responsibility for operations of one specific department**
- **Directly reporting to Executive Committee Member**
- **Generally more than 5 years work experience**
- **To take care of daily operations of their departments through departmental heads like Front Office Manager, Executive Housekeeper, Director of Restaurants, Director of Catering, Executive Chef etc**

LINE MANAGERS

- Line Managers actually run the departments
- Direct interaction with EMPLOYEES and CUSTOMERS
- Supervision on employees & necessary directions
- Entry level Managers in First Mgt Position
- Responsibilities include providing accounting information on wage, payroll, purchasing, physical inventory, P & L statement data, revenue forecasting etc
- Named as Asstt Front Desk Mgrs, Asstt Housekeeping Mgrs, Asstt Restaurant Mgrs, Asstt Catering Mgrs, Kitchen Mgrs etc

DIRECTOR OF FINANCE OR CONTROLLER OF ACCOUNTS

- **Executive Committee Member for all Accounting Operations**
- **Responsibility of ensuring correctness, accuracy and statutory compliances like following GAPP, IFRS, Co. Act, 2013 etc**
- **Responsibilities:**
 - **Preparation of periodical 3 Financial Statements**
 - **Supervising all accounting functions**
 - **Preparation of Annual Operating & Capital Budget**
 - **Analyzing periodical Fin. Statements, Periodical Revenue & wage Forecasts**
 - **Financial Advisor to all hotel managers & their operations**
 - **Co-ordinator for all Accounting activities with others deptts**
 - **preparation of all Financial statements & presentation to Hotel Management / Owners.**

ASSTT CONTROLLER OF INCOME ACCOUNTING & OPERATIONS

- **Deptt Head for all Accounting Operations**
- **Responsibilities:**
 - **Assisting DoF in all accounting activities**
 - **Periodical closing, preparation of Fin. Statements & related activities, co-ordinating & assisting other deptts on accounting matters**
 - **Hotel audits**
 - **Supervising accounting employees on:**
 - **Income Journal**
 - **General Cashier**
 - **Accounts payable**
 - **Payroll etc**

ASSTT CONTROLLER OF RECEIVABLES

- **Responsible for Billing & Collection of all Revenues and Receivables**
- **Responsibilities:**
 - **Assisting DoF in reconciliation of Cash a/cs, Credit statements & ensuring sufficient cash flow**
 - **Review aging analysis of debtors, Recovery efforts, Bad Debts w/off, Coordinating Collection Agencies**
 - **Coordinating Group billings, collection**
 - **Supervising employees in Receivable activities e.g.**
 - **Pre & post meetings with concerned, Recovery Follow-up**
 - **Credit card collection activities**
 - **Credit Manager activities**

NIGHT AUDITOR

- Responsible for processing & auditing of all Daily accounting & operational information in addition to his front desk night shift
- Responsibilities:
 - Recording & balancing each day transactions
 - Rolling the date after closing accounting & audits
 - Preparing Daily Management Reports
 - Supervising employees in Audit Activities of all the departments in hotel

ACCOUNTING IN SMALLER HOTELS (FEWER THAN 100 ROOMS)

- **Do not generate the volume & range of Revenues and Expenses**
- **No need of Full-fledged and an on-property accounting office**
- **Outsourcing Accounting activities**
- **Hiring outside accounting services for individual or group of accounting activities like Accounts writing, Fin. Statements, VAT, TDS etc**

ACCOUNTING OPERATIONS IN LARGE HOTELS

- **Accounting Dept Operations: Recording and processing daily Accounting Information**
- **Income Journal: Room Revenues as per Market segments at micro levels & collections**
- **General Cashier : Collect, Balance & Consolidate amounts – Depositing in Banks – Credit Card transactions – Change Bank**
- **Accounts Payable: Making authorized paytts on due date**
- **Accounts Receivable: Credit Card & Direct billing transactions monitoring for recovery**
- **Night Audit : Receiving, reconciling, balancing and auditing daily transactions**
- **Preparing Monthly or Periodical Reports: Pre-closing, Month End & Post-closing information & review - Three Fin. Statements & other Management Reports**

ACCOUNTING OPERATIONS IN RESTAURANTS

- No on-sight Accounting Office required – Providing Daily Accounting information to Regional or Corporate Accounting Office
- Corporate Accounting office prepares Monthly P & L and any other required reports – Annual Accounts preparation
- Purchasing & Inventories: Weekly or periodical purchase through Centralized Purchase System – Inventory Control through Hotel Manager & Software