

## CONTENTS

<b>Hotel Front-office Book-keeping -</b>	Page No.
1. Basics of Book-keeping:	2
2. Receiving of advance using an Advance Receipt and affecting it in the guest's bill.	16
3. Guest Billing – Different methods viz. split bills on the basis of charges, shared bills, etc.	17
4. Care in the Settling of bills through – cash, credit card, debit card, company or travel agent. Rising of receipts.	20
5. Raising of vouchers their authorization and the effect to Guest's account – viz. VPO, Allowance and Discount.	24
6. Visitor's Tabular Ledger, format, utility and practice	27
7. City Ledger as a form of Debtor's Ledger.	31
8. Basic ratios- meaning, scope, computation: a). Average Room Rate; b). Room Occupancy; c). Bed Occupancy; d). Foreigners' Ratio to Domestic Visitors' ratio.	32
9. Cash Summary. Handing over and taking over cash during change of shift.	33
10. Front office Trial Balance.	34
11. Night audit, its need and procedure followed by the Night Auditor.	36
<b>Computer Applications - Concepts</b>	<b>37</b>

## 2<sup>nd</sup> YEAR

# PAPER-III (THEORY): COMPUTERS & FRONT OFFICE OPERATIONS

## **Hotel front-office book-keeping:**

### **1. Basics of Book-keeping:**

#### **a). Meaning of Book-keeping**

Book-keeping is the art and science of recording transactions into a set of related books. This systematised procedure of writing into the books enables easy access to information regarding the activities of the business concerned.

Owners of a business would like to know from time to time and also at the end of each period of operation several things that would help them in handling the business in a more viable manner. Places where expenses should be controlled, where revenues can be increased, etc as well as the following things would be possible from book-keeping records.

- a. If they want to know the profits or losses of their firm.
- b. If they want to borrow money from bank or other financial institutions or persons, then the lenders would like to see the book-keeping records to assess the firm's status.
- c. If the owner wants to sell his business, the buyer will want to know the real value of the business.
- d. If the owner wants to admit someone else as partner or want to float a public issue, then also the financial and profitability aspects of the business are required.

#### **Double-entry Book-keeping**

Every business transaction has a two-fold effect (one the receiving aspect and the other giving aspect) the receiving and the imparting of benefit. To record these two aspects, a book of account called as Ledger has been designed accordingly. The left side of an account is called the Debit side and the right side is the Credit side. The receiving aspect of a transaction is entered on the debit side and the giving aspect is entered on the credit side.

It is this recording of the two-fold effect of every business transaction that has given rise to the term 'Double-Entry'.

**b). Classification of accounts:**

The different parts of transactions receiving or giving benefit are grouped under three classes to achieve the desired results. They are Personal, Real or Property and Nominal or Fictitious accounts.

**Personal Account:** Each individual and firm with whom a business has dealings is recorded in this class of accounts. It shows how much his customers owe him, how much he owes to his suppliers.

Examples: M/s.Larsen & Toubro Ltd. A/c; Mr.Lawrence's A/c; M/s.Ashok Traders A/c. John's A/c. etc.

**Real Account:** Each and every property or asset the business owns is recorded. The acquisition, depreciation and sale of assets are recorded in this class of accounts.

Examples: Building A/c; Cash A/c; Machinery A/c; Bank A/c. Land A/c etc.

**Nominal Account:** Each income or gain and expenditure or loss that are incurred during the conduct of the business is recorded.

Examples: Salaries A/c; Rent A/c; Sales A/c; Interest Received A/c. etc.

The procedure for posting in these three types of accounts is easy to remember –

**Personal Account:** Debit the receiver and credit the giver.

**Real Account:** Debit what comes in and credit what goes out.

**Nominal Account:** Debit all expenses or losses and credit all incomes or gains.

**c). Proofs of transaction, nature and usage:**

Each organization has its own set of procedures and documentation. They may be of different shapes, but the gist of them is the same, they are all meant for controlling the organization in its day to day working as well as for periodic review of performance.

The normal proofs of transaction viz. CASH BILL, CREDIT BILL / INVOICE, RECEIPT, VOUCHER, DEBIT NOTE and CREDIT NOTE are discussed in this chapter.

All transactions are written down into a Journal or a Subsidiary book from the above proofs. From there they are posted into the Ledger to get the information about each account's balance value, the spending or the income.











CREDIT NOTE: issued by the vendor on receipt of rejects from the customer.

Upon receipt of the Debit Note and/or when goods supplied / services provided are faulty or rejected or returned or short of the number invoiced / billed for. This is to notify the customer that his account has been credited with the value mentioned on the Credit Note. The liability of the customer reduces by the amount of the Credit Note.

<b>ZZZ SUPPLIERS LTD</b>				
<b>Credit Note No.10</b>		<b>Date:<u>22-APR-2005</u></b>		
To				
<u>Hotel *****</u> Hyderabad (Note: Your account is credited with the following amount for the reasons mentioned in your Debit Note No.191)				
Sl No.	Particulars	Units	Price	Amount
1	ATTA	2 Kgs.	Rs.20	Rs.40
2	CASHEW NUTS (Whole)	1 Kg.	Rs.220	Rs.220
	TOTAL			Rs.260
				SIGNATURE

RECEIVER'S BOOKS: (i.e. ZZZ SUPPLIERS LTD.)

Journal entry: SALES RETURNS A/c. Dr. Rs.260  
To HOTEL \*\*\*\*\* ACCOUNT Rs.260  
Narration: (Being goods returned by Hotel \*\*\*\*\*)

Subsidiary Books: This transaction is recorded in the SALES RETURNS Book and the opposite entry goes on to the Credit side of the Debtors' Ledger under Hotel \*\*\*\*\* Account.

#### d). JOURNAL

A book-keeping term for the book or books where details of transactions are first entered. There are several of these - Purchase Journal, Sales Journal etc. It is the preliminary book to provide a chronological record of transactions in which each transaction is set down in its entirety with relevant supplementary information. It is also known as the Book of original entries.

The process of recording a transaction in this is termed "journalising". From this the transaction is posted into relevant ledger accounts.

Proforma of a Journal:

DATE	PARTICULARS	Ref. No.	L.F.No.	DEBIT		CREDIT	

The different parts of each transaction have to be identified and then the identified parts to be recognized with the classes of accounts. Then the receiving aspect and the imparting aspect of the transaction have to be pointed and the rules of posting applied to, to fulfill the double entry aspect of a transaction.

**Illustration: On 24<sup>th</sup> March, 2005, bought raw material for cash Rs.3500 from M/s.Chaganlal & Bros, Bombay, vide Bill No.1245.**

	Identification steps	Explanation
i	Which are the two parts of the transaction?	We can identify them as Raw material and Cash.
ii	To which class of accounts do these identified parts belong?	Raw material - Nominal account Cash – Real account
iii	Why are they classified under those two heads?	Purchase of material for use is an expenditure and cash is a property
iv	What are the rules of posting for nominal accounts?	Debit all expenses & losses and Credit all incomes & gains
v	What are the rules for posting in a Real account?	Debit what comes in and Credit what goes out.

The Raw material which is a 'Nominal class of account' since is an expenditure has to be debited with the value of material Rs.2,950; and the Cash which is a 'Real account' since amount is going out Rs.2,950 has to be credited.

DATE	PARTICULARS	Ref. No.	L.F. No.	DEBIT		CREDIT	
1987, Oct, 24th	RAW MATERIAL A/c.Dr. To Cash A/c. (Being raw material bought for cash)	1245		2950	00	2950	00

At the end of the debited account's name the word **Dr.** should be written and the second line is for the account to be credited, which should be preceded by the word **To** as seen in the illustration above.

Narration: The gist of the transaction journalized has to be written in a couple of lines just below each journal entry. This is called as **narration**.

DATE is the date of transaction.

Ref. No. is the bill no. or invoice no. which is on the proof of transaction.

DEBIT for writing the amount to be debited to the *debit account*; and CREDIT for writing the amount credited to the *credit account*.

### e). LEDGER

It is the final book of account. Also known as the Classified Book of Transactions. In it all personal, real and nominal accounts are opened. Each transaction from the Journal or from the Subsidiary Books (viz. Sales Book, Purchases Book, Cash Book, Bank Book, Sales Returns Book, Purchase Returns Book, Bills Receivable Book and Bills Payable Book under the practical system of book-keeping) is "posted" into this in different accounts.

Proforma of a ledger:

Debit (Dr.)

Credit (Cr.)

Date	Particulars	Folio No.	Amount	Date	Particulars	Folio No.	Amount

The naming of an account is done according to the information sought by the business firm. Few similar aspects can be put together like – Printing, Postage, Stationery together as Printing & Stationery account; Repairs to machinery, to furniture, to building together as Repairs account; so that it will give the information of total expenditure incurred in that particular area. But the head of account we name should be identified to one of the three classes of accounts depending on the type of transaction. **Following Illustration shows how the previous Journal Entries are posted in the Ledger.**

Page No.272

#### RAW MATERIAL A/c.

Date	Particulars	Folio No.	Amount	Date	Particulars	Folio No.	Amount
1987,Oct, 24th	To Cash A/c.	110	2950				

Page No.110

#### CASH A/c.

Date	Particulars	Folio No.	Amount	Date	Particulars	Folio No.	Amount
				1987,Oct, 24th	By Raw material A/c	272	2950

Page: 11/42

### **Subsidiary Books:**

The process of journalising and then posting into individual ledgers is cumbersome and lengthy. With growing businesses and number of transactions, it is difficult to update all the accounts on time and get the reports from the same to monitor the business. Hence division of processes has been achieved using subsidiary books also called as subsidiary journals.

In this we skip the main journal for all frequent / numerous and repeat transactions, viz. cash, purchases, purchase returns, sales, sales returns, bills receivable, bills payable. The persons in charge who prepare the proof of transaction at each of these activity areas is entrusted the job of entering into the subsidiary books. Credit transactions relating to Purchases, returns; Sales, returns are entered in Purchases book, Purchase Returns book; Sales book, Sales Returns book respectively and Cash transactions are entered in Cash book and Bank book.

Subsidiary book format of CASH BOOK and BANK BOOK

The cashier, who deals with these transactions, maintains these. These work like ledgers, having both the debit and credit sides and with the same posting rules as that. These are balanced at the end of each day and Cash / Bank balance is known at the end of the day.

Debit (Dr.)				CASH / BANK BOOK		Credit (Cr.)	
Date	Particulars	Folio No.	Amount	Date	Particulars	Folio No.	Amount

There is another format where CASH & BANK columns appear in the same book, thus getting it's name TWO COLUMN CASH BOOK.

Debit (Dr.)			TWO COLUMN CASH BOOK				Credit (Cr.)		
Date	Particulars	Folio No.	CASH	BANK	Date	Particulars	Folio No.	CASH	BANK

Subsidiary book format of SALES JOURNAL, SALES RETURNS JOURNAL, PURCHASE JOURNAL and PURCHASE RETURNS JOURNAL.

Date	Particulars	Folio No.	Amount

**Illustration:**

21-Apr-2003 - Bought raw material on credit from Rajdeep & Sons for Rs.1450

21-Apr-2003 - Bought raw material from Ahmed Bros. for Rs.5400

The above are credit transactions, hence need to be entered through Purchase Journal instead of Journal proper and then posted into the respective Ledgers at the end of the day.

**Purchase Journal**

<b>Date</b>	<b>Particulars</b>	<b>Folio No.</b>	<b>Amount</b>
2003, Apr, 21	Bought from Rajdeep & Sons		1450
2003, Apr, 21	Bought from Ahmed Bros.		5400
	Day's TOTAL		6850

The Day's Total of purchase journal is posted on the debit side of Purchases account as "To Sundry Credit Purchases" and the individual entries are posted in the Creditor's ledger under the respective creditors' account/s. With this the Purchase department would know at the end of the day itself what the total credit purchase was. To post these entries into the ledger takes lesser time.

Page No.77

**Purchases A/c.**

<b>Date</b>	<b>Particulars</b>	<b>Folio No.</b>	<b>Amount</b>	<b>Date</b>	<b>Particulars</b>	<b>Folio No.</b>	<b>Amount</b>
2003, Apr, 21	To Sundry Credit Purchases.		6850				

Page No.122

**Rajdeep & Sons**

<b>Date</b>	<b>Particulars</b>	<b>Folio No.</b>	<b>Amount</b>	<b>Date</b>	<b>Particulars</b>	<b>Folio No.</b>	<b>Amount</b>
				2003, Apr, 21	By Purchases A/c.	77	1450

Page No.135

**Ahmed Bros. A/c.**

<b>Date</b>	<b>Particulars</b>	<b>Folio No.</b>	<b>Amount</b>	<b>Date</b>	<b>Particulars</b>	<b>Folio No.</b>	<b>Amount</b>
				2003, Apr, 21	By Purchases A/c	77	5400

f). Enter the following transactions through Journal and Subsidiary books into respective Ledger accounts. At the end balance each account.

(i). 2005, April

- 1 We started firm with capital in cash of Rs.25000.
- 2 Bought goods on credit from the following persons: Ellayya & Co. Rs.5400; Manoj Rs.8700; Bose Rs.7500.
- 4 Sold goods on credit to: Balaji Rs.5400; B.Hanumanth Rs.6000; Samuel & Sons Rs. 2500.
- 6 Paid rent by cash Rs.2000.
- 9 Balaji paid us against his account by cheques Rs.5400.
- 10 Samuel & Sons paid us Rs.1500 by cheques.
- 12 We paid the following by cheques: Bose Rs.4500; Ellayya & Co. Rs.2000.
- 15 Paid carriage by cash Rs.200.
- 18 Bought goods on credit from Manoj Rs.3500; Bose Rs.3500.
- 21 Sold goods on credit to B.Hanumanth Rs.4500.
- 30 Paid rent by cheque Rs.1800.

(ii). 2005, May

- 1 Dayakar started business with Rs.80,000.
- 2 Put Rs.75,000 of the cash into a bank account.
- 2 Bought goods on credit from Bimal & Bros Rs.1800; Leroy & Co. Rs.5600; Madhosh Rs.3800; Balan Rs.4,100.
- 3 Bought office furniture for Rs. 1850 by cheques.
- 4 Bought goods for cash Rs.1900.
- 5 Cash sales Rs.1500
- 6 Goods sold on credit: J.Ganesh & Bros. Rs.1900; P.John Rs. 3,400; T.Sudershan Rs.1100; T.Bikram Rs. 3000.
- 7 Paid rent by cheques Rs.1000.
- 8 Paid wages by cash Rs.700.
- 10 Bought goods on credit from: Leroy & Co. Rs.3400; Balan Rs.3200;
- 11 Allowance to J.Ganesh & Bros. Rs.600.
- 13 Goods sold on credit to: N.Mathews Rs.440; J.Ganesh & Bros. Rs.3000.
- 14 Bought office furniture on credit from Woodlanders Rs.2500.
- 15 Bought office stationery for cash Rs.250.
- 16 Paid cheques to : Woodlanders Rs.2500; Bimal & Bros. Rs.1800;
- 17 Paid wages by cash Rs.900.
- 18 Dayakar takes Rs.1000 drawings from cash.
- 20 Dayakar returned goods to Madhosh Rs.600; Balan Rs.200.
- 21 Bought office stationery Rs.220 on credit from Pragati Stationery Mart.
- 24 Received cheques from N.Mathews Rs.440; T.Bikram Rs.2000.
- 26 Cash sales Rs.1400.
- 29 Dayakar took cash drawings Rs.1500.
- 31 Paid sundry expenses by cash Rs.150.

(iii). 2005, August

- 1 Started business with Rs 10000 cash
- 2 Paid Rs 8000 of the opening cash into a bank account for the firm
- 3 Bought goods on credit from H. Grant Rs 3300
- 4 Bought goods on credit from D. Clark Rs 1400
- 8 Sold goods on credit to B. Miller Rs 900.
- 8 Bought office furniture on credit from Barrett's Ltd Rs 4000
- 9 Sold goods for cash Rs 1200
- 13 Bought goods for credit from H. Grant Rs 2000
- 14 Bought goods for cash Rs 600
- 15 Sold goods on credit to H. Sangster Rs 1800.
- 16 We returned goods Rs 500 to H. Grant
- 17 We returned some of the office furniture Rs 300 to Barrett's Ltd.
- 18 Sold goods on credit to B. Miller Rs 4000
- 21 Paid H. Grant's account by cheques Rs 4800
- 23 Miller paid us the amount owing in cash Rs 4900
- 23 Sharpless returned to us Rs 500 goods
- 24 Goods sold for cash Rs 1500
- 24 Bought goods for cash Rs 3700
- 25 Bought motor van on credit from J. Kelly Rs 6000

## 2. Receiving of Advance / Deposit

Advance or deposit is collected under three occasions.

(i). At the time of booking (making reservation for a room) or for a bulk / group booking to guarantee the booking and to avoid loss of revenue in case guest is a *no show*.

(ii). It's normally not a problem with regular guests or corporate guests. In the case of unknown *Walk-ins* or a guest with reservation who looks suspicious or with *scanty baggage*, it is a good practice to take advance of a little over the room rent for the no. of days' stay.

(iii). During the stay of the guest too, when the bill amount reaches or goes over the credit limit set to the guest, advance / deposit amount is sought from the guest. This helps the hotel from losses due to *skippers*.

### Advance/Deposit Receipt

**Hotel \*\*\*\*\***

Receipt No. ....

Date: .....

Received with thanks Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_

\_\_\_\_\_ ) towards deposit / advance from

Mr./Ms. \_\_\_\_\_ vide Reservation

Reference No. / Guest Registration No. \_\_\_\_\_

Cashier / Front Office Assistant

The advance is a *credit* entry in the guest ledger, i.e. the VTL. In case of a booking, the amount is *credited* to the would-be guest account in the city ledger. In both cases the *debit* entry is made in the cash / bank account. Conceptually the journal entry will be -

CASH A/c. Dr.  
To <GUEST'S> A/c.

### 3. Guest Billing

All the registered guests accounts are maintained and continuously posted and updated. Every guest is given credit during his stay. There are different points of sale, several transactions take place at each of these, and most of the transactions are on credit. Hence all those transactions have to be recorded in the guest's account and subsequently in the consolidated guest's bill.

The volume of goods and services purchased at scattered points of sale requires a complex internal accounting system to ensure proper posting. A computerised POS system may allow remote terminals at the point of sale to communicate directly with a front office computer system. Automated POS systems significantly **reduce**

- the amount of time required to post charges to guest folios
- the number of times each piece of data must be handled
- the posting errors, and after-departure charges.

(i). Guest bill is presented for collection whenever the guest bill has surpassed the individual credit limit or if the guest's stay has extended over a week, this is called *weekly bill*. This will help the hotel in two ways, (a). continuous monitoring for collections to avoid skippers, which otherwise will become bad debts. (b). helps collection of money which will help hotel in paying off its dues and expenses.

(ii). Otherwise normally the Guest bill is made and presented at the end of his stay.

A guest however may also request for making the bill in different ways –

Split bill – (a). Vertical split, when the room and charges are shared by two guests, who would like to have their bill split into two identical halves.

(b). Horizontal split, when certain charges are paid by the company or agency and the rest are to be borne by the guest himself, the split is made on the basis of charges.

**Read the illustration and observe the working clearly.**

Following registration particulars are of a guest that has checked in into

1 Room No.102

G.Reg. No.	2999	Plan	CP
Name:	Mr.Sumanth	Rate	Rs.2,500
Arr. Date:	20-Apr-05	Dep. Date:	22-Apr-05
Arr. Time:	12 NOON	Dep. Time:	09:00 A.M.
Room No.	102	PAX	2

Following transactions took place during his stay.

**20-Apr-05**

Breakfast for two extra persons.

One Lunch

Advance received Rs.5000

One Dinner

**21-Apr-05**

Breakfast for one extra person.

Two Lunch

Two Dinner

Coffee pot

Bill from coffee shop Rs.150

News stand bill Rs.200

Telephones Rs.75

Laundry bill Rs.125

VPO Rs.250

**22-Apr-05**

Pot coffee

Telephones Rs.150

Lunch for three

Guest checked out at 4p.m. after settling the bill.

**Instructions: Make a bill for the above keeping the following in mind.**

Pot coffee Rs.75

Breakfast Rs.150

Lunch/Dinner Rs.250

Extrabed Rs.250

Checkout time 12 noon

VAT on room rent & extra bed @7%

Service charge on room rent & extra bed @ 10%

**Working:****GUEST WEEKLY BILL****BILL No. 303**

G.Reg. No. 2999

Dep. Date: 22-Apr-05

Name: Mr.Sumanth

Dep. Time: 09:00 A.M.

Arr. Date: 20-Apr-05

Plan CP

Arr. Time: 10:00 A.M.

Rate Rs.2,500

Room No. 102

PAX 2

Day / Date	(1) 20/4	(2) 21/4	(3)22/4	(4)	(5)	(6)	(7)
<b>Op. balance Dr. / (Cr.)</b>		-1275	4950				
<b><u>DEBIT ENTRIES:</u></b>							
Apartment	2500	2500	2500				
Guest Charges							
Breakfast	300	150					
Lunch	250	500	750				
Dinner	250	500					
Coffee / Tea /Milk		75	75				
Room Services							
Restaurant							
Bar							
Coffee Shop							
News stand		150					
Telephones		200					
Laundry		75	150				
Other charges							
Visitors Paid Out		250					
Luxury Tax							
VAT	175	175	175				
Service Charge	250	250	250				
<b>TOTAL: Op. balance + Debit charges</b>	<b>3725</b>	4950	3975				
<b><u>CREDIT ENTRIES:</u></b>							
Allowance / Discount							
Advance / Deposit	5000						
Transfer to Guest A/c.							
Transfer to City Ledger							
<b>CLOSING BALANCE: Total - Credit Entries</b>	-1275	4950	3975				

#### **4. Methods of settlement of guest bills and the care needed:**

Usually guests pay their bills at check-out time by cash or credit card, but in some cases, the charges are billed to a company account or travel agent. In such cases, the front office checks with the accounting office to verify whether the company has an established credit account with the hotel. Different procedures are followed depending on the mode of payment and the hotel's policy. Hotels prefer clients who pay by cash to prepay all room charges inclusive of taxes for the period of stay. If an advance deposit is received, then balance payment is collected. When the client pays by traveller's cheques, the signature of the client should be verified, by comparing the signature with the drivers' licenses or any other form of identification

A client who has booked a package tour or has prepaid for his accommodation through a travel agency, may present of voucher in lieu of payment. The voucher is a guarantee to the hotel that the travel agent or tour operator will pay the full amount shown. Tour orders or MCO's (miscellaneous charges order) are similar to vouchers and may be issued by an airline or travel agent for travel related services including hotel accommodation. The hotel receives its payment from the respective airline or travel agency.

If the payment has been made for a period of stay, the hotel may also require a deposit to cover auxiliary services like telephone charges, food and beverage services, valet charges, laundry etc., these types of charges are called incidentals. Deposit taken for incidentals is refundable at checkout time, after deducting the charges incurred by the guest. Some hotels charge a non-refundable deposit for telephone access. In such cases, the front desk representative should inform the client whether the deposit taken is refundable or not.

Hotels accept major credit cards as deposit and for payment of hotel bills. The front desk representative should have a list of all credit cards accepted by the hotel as well as conversant with the procedures for credit card acceptance. Visa, Master card, American express and Diners are the most widely accepted cards worldwide.

When a guest presents a credit card for payment, the front desk representative should check whether his credit card is acceptable to the hotel, if it is valid, if it has sufficient credit available for covering guest's expenses, and whether it is owned by the client. Only after confirming these, a credit slip should be imprinted using the appropriate card imprinter. Sufficient care should be taken to avoid accepting an expired or lost card or card having insufficient credit balance. In the present day scenario hotline card-swapping equipment is available with all hotels. This instantaneously checks the credibility and credit-worthiness of the card and instantly approves or disapproves the charge and records the transaction with the credit card company.

When payment is received from the guest a receipt is issued as a proof of having received the amount.

<b>Receipt</b>	
<b>Hotel *****</b>	
<b>Receipt No.</b> .....	<b>Date:</b> .....
Received with thanks Rs. _____ (Rupees _____	
_____ ) towards part settlement / settlement of bill	
No. _____ dated _____ from Mr./Ms. _____	
<b>Guest Registration</b>	
No. _____ in <b>cash</b> / _____ <b>Bank</b> cheque No. _____	
Dated _____	
(Cheques subject to realisation)	Cashier / Front Office Assistant

The payment received from the guest is posted conceptually into the journal -

CASH A/c. Dr.  
To <GUEST'S> A/c.

**Guest bill settlement:**

There are two types of settlements, cash and credit.

**Cash Settlements:**

A settlement of the following categories, which allows us to pay into the bank.

In local currency	The cashier accepts and counts cash in front of the guest. Any change and a receipt are given to the guest.
In foreign currency	The cashier converts the bill charge into the foreign currency value as per the day's exchange rate and then receives the relevant amount, refund of balance cash in local currency only is made and a receipt is issued for the same. A foreign exchange voucher also is filled and signed by the guest as a proof of exchange of foreign currency; this is needed as per the law of the land.
In traveller's cheques	The guest should put his second signature in front of the cashier. The cashier should verify the first signature, which was attested by the banker and the second, which was made before him. Should accept only if they tally. Look for the value to be paid by the guest and the value as per the cheques, date and the hotel name. Cheques could be either in local currency or foreign exchange. Any change should be given in local currency only and a receipt also is given to the guest.
By personal cheques	Check the date, name of the hotel, amount; amount in words and the signature of the guest. Ensure crossing on the cheques for safety. Cheques on foreign banks and third party should not be accepted.
By bank credit cards	These are equivalent to cash. Using hotline-swapping machine, the transaction is automatically passed on to the credit card company; it checks the status of the card and gives a charge-slip printout accepting the transaction. . The hotline gives remarks like approved / credit not approved / lost card / no credit as the case may be. Based on this, cashier will have to take alternate action. Once approved, the guest's signature has to be taken on the same and verified with the specimen signature on the back of the credit card
By bank debit cards	These also work on the same lines as the above, with the major difference, i.e.

### **Credit Settlements:**

It is basically a transfer made from the VTL to City Ledger account. The hotel doesn't receive immediate payment, but the settlement is done at a later date.

Settlement by charge card	These are the cards issued by private agencies, will work on the same lines of a credit/debit card. Care should be taken in finding out the genuineness, credit limit, authenticity etc.
Settlements of corporate accounts	Normally credit is given to big corporate guests. There should be a prior intimation from the firm that the bill will be settled by it. It is risky to give credit without prior acceptance. Some times there will be certain charges that the firm would pay, and some the individual guest will have to pay. Proper care must be taken in verifying this kind of clauses. Then the consolidated bill enclosed with different POS bills need the signature of the guest.
Travel agent vouchers or any other vouchers	Authenticity of the voucher issued by travel agent should be verified and then all the points mentioned under the corporate account settlement will apply here too.

If the guest had a credit balance in his account at the time of check-out, it has to be refunded to the guest through a VPO. The guest's signature has to be taken on the VPO voucher as an acknowledgement of receipt of money from the hotel.

In case of city ledger settlements also, a receipt is issued and posting is made to debit the Cash/Bank Account and credit the City ledger Account.







## 6. Visitors' Tabular Ledger (VTL)

**Ledger:** A ledger is a grouping of accounts. The front office ledger is a collection of front office account folios. The folios used in the front office form part of front office accounts receivable ledger. An account receivable represents money owed to the hotel. Front office accounting commonly separates accounts receivable into two subsidiary groups: *the guest ledger* and *the city ledger*.

**Guest Ledger:** The guest ledger is the set of guest accounts that correspond to registered hotel guests. Guests who make appropriate credit arrangements at registration may be extended privileges to charge purchases to their individual account folios. Guests may also pay against their outstanding balance at any time during occupancy. Guests' financial transactions are recorded onto guest ledger accounts to assist in tracking guest account balances. In some hotels, the guest ledger may also be called the transient ledger, front office ledger, or rooms' ledger, or visitors' tabular ledger.

Most of the accounts held by the front office cash are the resident guest accounts, which show the financial transactions with guests who have registered and who are currently staying in the hotel.

Some of the resident guests' accounts may be settled by their company, some may settle some charges while certain stipulated charges alone are settled by their company.

So, the front office cash collects payment for all the bills from guests at the check out time, those that are to be settled by companies or travel agencies etc. are transferred to City Ledger.

### Types of postings:

There are two basic types of transactions that are posted to a guest account: debit entries and credit entries.

The most common debit items include:

- Room charges
- Restaurant / coffee shop / bar
- Telephone
- Laundry
- Use of hotel facilities (viz. health center, business center and transportation)

Credit entries:

- Prepayments
- Payments for part of the bill during stay
- Payments for final settlement
- Amendments to the bill

The posting resembles that of the guest bill. Only difference is different guest's accounts are posted column wise on the same sheet. Each day a separate sheet is used to create a VTL, taking the previous day's closing balances of all existing guests at that time as opening balances.

## VISITORS' TABULAR LEDGER

Date: 21-APR-2005

G.Regn. No.	2999					<b>TOTAL</b>
Name:	Mr.Sumanth					
Arr. Date:	20-Apr-05					
Arr. Time:	10:00 A.M.					
Dep. Date:	22-Apr-05					
Dep. Time:	09:00 A.M.					
Plan   PAX	CP   2					<b>2</b>
Rate	Rs.2, 500					
Room No.	<b>102</b>	<b>103</b>	<b>104</b>	<b>201</b>	<b>202</b>	
Op. balance Dr. / (Cr.)	-1275					-1275
<b>DEBIT ENTRIES:</b>						
Apartment	2500					<b>2500</b>
Guest Charges						
Breakfast	150					<b>150</b>
Lunch	500					<b>500</b>
Dinner	500					<b>500</b>
Coffee / Tea /Milk	75					<b>75</b>
Room Services						
Restaurant						
Bar						
Coffee Shop						
News stand	150					<b>150</b>
Telephones	200					<b>200</b>
Laundry	75					<b>75</b>
Other charges						
Visitors Paid Out	250					<b>250</b>
Luxury Tax						
VAT	175					<b>175</b>
Service Charge	250					<b>250</b>
<b>(a).TOTAL: Op. balance + Debit charges</b>	<b>4950</b>					<b>4950</b>
<b>CREDIT ENTRIES:</b>						
Allowance / Discount						
Advance / Deposit						
Transfer to Guest A/c.						
Transfer to City Ledger						
<b>(b).TOTAL: Credit entries</b>						
<b>CLOSING BALANCE:</b>						
<b>(a) – (b)</b>	<b>4950</b>					<b>4950</b>

For guidance sake entries given in guest bill illustration are posted in the above VTL format.

The following exercises are suggestive. The teacher may provide different combinations to give new problems in Guest Billing and VTL.

### Exercises:

- 1 Enter the following transactions into the VTL of 4th July,2005.

Opening balances:

G.Regn. No.	3576	3558	3567
Name:	Mr.Sumanth	Mr.Fonda	Mr.Richard
Arr. Date:	3-Jul-05	1-Jul-05	2-Jul-05
Arr. Time:	6.00 P.M.	10:00 A.M.	8:00 A.M.
Dep. Date:	4-Jul-05	7-Jul-05	6-Jul-05
Dep. Time:	1:30 P.M.	10:00 A.M.	7:00 A.M.
Plan   PAX	AP   1	CP   2	EP   2
Rate	Rs.2, 500	Rs.2,500	Rs.2,200
Room No.	102	107	109
Op.bal. Dr./(Cr.)	3200	14,200	-2200

6 A.M.	Mr. Rakesh checked in into 103 with registration no.3589 on CP.
6.30 A.M.	All occupants were served pot coffee.
7.00 A.M.	Breakfast was served to all occupants.
8.00 A.M.	Laundry bills for room 109 Rs.225; 107 Rs.175.
8:30 A.M.	Telephone bill for Room No.107 was Rs.350.
8.30 A.M.	Room No.107 checked out after settling the bill.
10.00 A.M.	Ms.Zeenath and her child checked in into 106 with registration no.3590 on EP.
11.00 A.M.	Restaurant bill for Rs.1250 to Room no.109.
12:00 noon	Lunch was served to all rooms. There was an extra lunch served at Room No.106.
4:00 P.M.	Laundry bill for 102 Rs.200.
5:00 P.M.	Pot tea was served to all occupants.
6:00 P.M.	Snacks were served to Room 102 bill was Rs.250.
7:00 P.M.	Advance received from Room 109 - Rs.10,000.
7:30 P.M.	Bill from Health club Rs.250 for Room.103.
8:30 P.M.	VPO for Room 106 Rs.1250 towards air tickets.
10:00 P.M.	Dinner was served to all rooms.
10:30 P.M.	An allowance voucher to Room 106 was raised for Rs.50
11:30 P.M.	Telephone bills for room 102 - Rs.160; 109 - Rs.70; 106 - Rs.150.

Instructions:	Checkout time 24 hours.
	Pot coffee/tea/milk Rs.40.
	Breakfast Rs.150
	Lunch / Dinne Rs.300
	Extra bed charges Rs.175.

2 Enter the following transactions into the VTL of 24th May, 2005.

Opening balances:

G.Reg. No.	2996	2947	2989
Name:	Mr.Sarath	Ms.Jones	Mr.H. Peter
Arr. Date:	23-May-05	20-May-05	22-May-05
Arr. Time:	10:00 A.M.	6:00P.M.	7:00 A.M.
Dep. Date:	26-May-05	24-May-05	28-May-05
Dep. Time:	09:00 A.M.	1:30 P.M.	7:00 A.M.
Plan   PAX	CP   2	AP   1	EP   2
Rate	Rs.2000	Rs.2,500	Rs.2,200
Room No.	102	107	109
Op.bal. Dr./(Cr.)	1600	4,200	-100

6 A.M.	Mr. & Mrs. Ramakanth checked in into 204 with registration no.3012 on CP.
6.30 A.M.	All occupants were served pot coffee.
7.00 A.M.	Breakfast was served to all occupants.
8.00 A.M.	Laundry bills for 107 Rs.200; 102 Rs.150
8.30 A.M.	Room No.107 checked out after settling the bill.
10.00 A.M.	Mr. Sai Teja checked in into 201 with registration no.3013 on AP.
11.00 A.M.	Restaurant bill for Rs.250 to Room no.201.
12:00 noon	Lunch was served to all rooms. There was an extra lunch served at Room No.201.
4:00 P.M.	Laundry bill for 204 Rs.100.
5:00 P.M.	Pot tea was served to all occupants.
6:00 P.M.	Milk was served to Room 102.
7:00 P.M.	Advance received from Room 201 - Rs.5,000.
7:30 P.M.	Bill from book shop Rs.250 for Room.201.
8:30 P.M.	Bill from Bar for Room 204 Rs.1250.
10:00 P.M.	Dinner was served to all rooms except Room 204.
11:30 P.M.	Telephone bills for room 102 - Rs.160; 109 - Rs.250; 204 - Rs.50.

Instructions:	Checkout time 12 noon.
	Pot coffee/tea/milk Rs.50.
	Breakfast Rs.125
	Lunch / Dinner Rs.250
	Extra bed charges Rs.125.

## 7. City Ledger:

The city ledger is also called the non-guest ledger. It is the collection of non-guest accounts. If a guest account is not settled in full by cash payment at checkout, the guest's folio balance is transferred from the guest ledger in the front office to the city ledger in the accounting division for collection. At the time of account transfer, the responsibility for account collection shifts from the front office to the accounting division.

City ledger accounts are records of financial transactions between the hotel and non-resident guests. This in other terms is a Debtors' Ledger or Customers' Ledger. The accounts department, for collection or taking appropriate action in case of defaulters closely monitors this ledger. These could include accounts held by:

- Local business people who are not resident in the hotel but who use the hotel facilities and services for entertainment or business meetings.
- Guests who walk out of the hotel without settling the outstanding balance. Walk-outs are no longer resident so their account is transferred to the city ledger, till the account is settled or closed by writing off as bad debt, if the amount is over due and not forthcoming for a long period.
- Guests who have sent prepayments to guarantee their bookings, but have not arrived or checked in. This amount is recorded in the city ledger and the account needs to be closed as per the terms of the reservation.
- Even a skipper's outstanding balance is transferred to city ledger with a hope that the amount may come through. Eventually if there was no trace of the guest the amount will be written off as a Bad Debt.

Format of City Ledger:

Company / Agency / Individual: HMT Ltd. A/c.					
Date	Particulars	Ref.No.	Dr.	Cr.	Balance

Separate accounts are maintained for each company or travel agency or Credit Card Company /bank or individual who have transactions with the hotel. Periodically these balances are checked to take proper steps in collecting the dues.

When the amount is transferred from VTL, it is posted on the debit side (usual balance) of the company or travel agency or credit card company/bank or individual in whose name the account exists in City Ledger and subsequently when payment is made it is credited, the balance column shows a continuous balance every time a transaction is posted in the account.

## 8. Basic Ratios

Ratios help in diagnosing the functioning of the hotel and also help in predicting future possibilities in the business. The information used for ratios can be got from VTL and guest registration cards. Generally revenue and yield related ratios are handled in the front office.

These are worked out on a daily basis and maintained in a columnar format for analysing periodically. Whenever there has been an unusual business the reasons are also written down in a remarks column against the date for relating in the future.

**a. Occupancy percentage:** It indicates the proportion of rooms sold against the rooms available for sale during a specific period of time.

Out-of-order rooms are usually, but not always, included in the number of rooms available. At properties that evaluate management performance partly on the basis of occupancy percentage, including out-of-order rooms provides the manager with incentive to get those rooms fixed quickly.

**Occupancy percentage = Number of Rooms Sold / Number of Rooms Available**

**b. Multiple Occupancy Ratio:** Also termed as Double Occupancy Ratio, is used to forecast food & beverage revenue, to indicate clean linen requirements, and to analyse average daily room rates.

**Multiple Occupancy percentage = Number of Rooms occupied by more than one guest / Number of rooms occupied**

**c. Average Daily Rate:** Many call it as Average Room Rate also, is an average daily rate. This rate keeps fluctuating due to the factors of occupancy of single rooms to suites, from individual guests to groups & conventions, from weekdays to weekends, from seasons to slack or off seasons.

**Average Daily Rate = Rooms Revenue / Number of Rooms Sold**

**d. Average Rate per guest:** Resort hotels, in particular, are often interested in knowing the average room rate per guest (ARG). This rate is normally based on every guest in the hotel, including children.

**Average Rate per Guest = Rooms Revenue / Number of Guests**

**e. Foreigners to Domestic visitors' ratio:** This is to show the type of clientele and this can also be used in ascertaining foreign exchange earnings.

**Foreigners to Domestic visitors = Number of Foreigners / Total Number of Guests**

## 9. Cash Summary

It is a statement that resembles a Cash Book with more analysis for clarity.

At the end of each shift, the cashier completes the entries and hands over the balance to either the next shift cashier or the Main cashier in the office.

If there was any opening balance at the beginning of the shift that should be taken as the first entry in the summary sheet and then all the advances or deposits and bills settled will be added and subsequently the VPO or paid outs will be subtracted to arrive at the closing balance. This balance amount is handed over.

The summary sheet should be signed by both the receiver and giver for proper acknowledgement.

Cash Summary Statement      Shift No. \_\_\_\_\_ Time: \_\_\_\_\_ Date: \_\_\_\_\_.

Particulars	Ref. No.	Advances/ Deposits (Dr.)			Bill settlements (Dr.)				(Cr.)	Balance
		Cash	Cheque	Credit Card	Cash	Cheque	Credit Card	Voucher	V.P.O.	
<b>TOTAL:</b>										

F.O.Cashier's Signature (Shift No. )

F.O.Cashier's Signature (Shift No. )

Chief Cashier

## 10. Front office Trial Balance

The fundamental principle of Double Entry is that for every debit there must be a corresponding credit.

In double entry book-keeping a means of checking arithmetical errors in writing up books of accounts (unless such errors cancel one another out). Debits and Credits are extracted from the books and the total of these should agree. Should the Trial Balance disagree, it reveals the presence of errors, which must be found and rectified.

After all the accounts are balanced at the end of the day, before doing the final accounts, it has become a scientific practice to prepare a Trial Balance.

- (a). Opening balances of City Ledger and VTL must be taken depending on the total balance position.
- (b). Advances / Deposits collected: include
  - (i). Advance with bookings made;
  - (ii). Advance at the time of check in with reservation and walk-ins;
  - (iii). Advance from long staying in-house guest.
- (c). Bills cleared on the day: include
  - (i). Current guests who have settled their weekly bills or bills on credit limit that were presented for payment;
  - (ii). Guests checked out on the day;
  - (iii). City Ledger payments.
- (d). Luxury Tax & VAT (some time Service Tax; Surcharge also): these differ from state to state within India on the basis of Local Laws. Sometimes even within a state different regions may attract different taxes. There could also be a difference in the applicability of taxes between Foreign Tourists and Domestic Tourists. Hence, knowledge of local taxes is important.
- (e). VTL charges: total of all charges entered in the guest's accounts as total revenue for the day should be taken as Dr. amount.
- (f). Credit balances refunded or advances refunded must be taken on the Dr. side.
- (g). Discounts and allowances given to guests are taken on the credit side.
- (h). Closing balances of City Ledger and VTL must be taken depending on the total balance position.

**Front Office TRIAL BALANCE as on \_\_\_\_\_**

<b>DEBIT PARTICULARS</b>		<b>AMOUNT</b>	<b>CREDIT PARTICULARS</b>		<b>AMOUNT</b>
Op. Balance of VTL		9200	Op. Balance of Advances		20000
Op. balance of City Ledger		14500	Advances/ Deposits collected		12500
<b>VTL Charges:</b>					
Apartment	56750		Bills cleared on the day		65000
Guest Charges	7500		Discounts & Allowance		3500
Room Services	6800				
Restaurant	12500				
Bar	22000				
Coffee Shop	9500				
News stand	1200				
Telephones	2475				
Laundry	1450				
Other charges	750				
Visitors Paid Out	<u>1400</u>	122325			
Luxury Tax		6425			
VAT		4819			
Service Charge		6425			
Refund of advance		4500	Cl. bal of City Ledger		32600
Cl. bal of advances		2300	Cl. bal of VTL		36894
		<b>170494</b>			<b>170494</b>

## 11. Night Audit

Since hotels operate 24 hours a day, seven days a week, the front office must regularly review and verify the accuracy and completeness of its accounting records. An audit process performed in the night is intended to fulfill this need.

The audit is a daily review of guest account transactions against revenue center transactions, which helps guarantee the accuracy and thoroughness of front office accounting. The audit also includes active non-guest accounts. A successful audit will result in balanced guest and non-guest accounting, and timely reports to management.

### **Functions of the night audit:**

The chief purpose of the night audit is to verify the accuracy and completeness of guest and non-guest accounts against departmental transaction reports. Specifically, the night audit is concerned with the following functions:

- Verifying posted entries to guest and non-guest accounts.
- Balancing all front office accounts.
- Resolving room status discrepancies
- Monitoring guest credit limitations
- Producing operational and managerial reports

Performing the night audit requires attention to accounting detail, procedural controls, and guest credit restrictions. The night auditor should also be familiar with the nature of cash transactions affecting the front office accounting system. The night auditor typically tracks room revenues, occupancy percentages, and other standard operating statistics. He or she also prepares a daily summary of the cash, cheque, and credit card activities that took place at the front desk. This data reflect the front office's financial performance for the day. The night auditor summarises and reports the results of operations to management. The hotel's accounting division may also use night audit data in preparing additional statistical analysis for management.

*Posting room charges*

*Assembling guest charges and payments*

*Reconciling departmental financial activities*

*Running the trial balance*

*Reconciling accounts receivable*

*Preparing the night audit report*

## II. COMPUTER APPLICATIONS:

### Introduction

Contrary to the general perception, a computer does not mean one that does computation, which makes many people avoid it fearing to be one that needs a lot of mathematics.

The use of computers is confined only by the limitations of human creativity. They are used among other applications, to

- Design buildings, bridges and machines
- Control space vehicles
- Aid in preparing a country's perspective plan
- Control inventories to minimize material cost
- Grade examinations and process results
- Aid in teaching
- Systematically store and quickly retrieve data for different uses
- Play games

A computer is an electronic device that can manipulate data.

### A). Basic concepts of Hardware - computer and peripheral devices.

Computer basically comprises of - PROCESSOR; INPUT; OUTPUT; STORAGE  
These are the ones that make the hardware too.

**Processor** – is called the CPU (Central Processing Unit), has three parts in it namely MEMORY; CONTROL; ALU (Arithmetic & Logic Unit).

Memory: is also called as RAM – random access memory. The instructions and data are temporarily stored in this place, before and after being processed. This is a primary storage location and is a volatile memory since anything on this gets erased as soon as the computer is switched off.

Control: this unit performs actual understanding of the instruction and assigning of work to other parts of the computer.

ALU: this unit receives the data and the work assigned by the control unit and performs based on the instructions received.

The central processing unit is connected to different input and output devices. It's ability to perform on different devices using special software like Windows has earned the name Multi-media Computers.

**Input** – the different devices attached to the computer, through which instructions or data is sent to the computer.

Examples: Keyboard; Mouse; Bar-code reader; OMR-Optical mark reader; MICR-Magnetic Ink Character Recogniser; Mike; Digital Camera; Scanner etc.

**Output** – through these devices the computer sends the output. Output gives the processed information or results.

Examples: Monitor (VDU – visual display unit / CRT – cathode ray tube);  
Printer (two types - the impact printers: viz. DOT-Matrix, Plotter, Line printer, Daisy-wheel printer; the non-impact printers: Laser-jet, Inkjet, Thermal printer);  
Speakers etc.

**Storage** - the device through which data and instructions can be permanently stored / modified / retrieved. This is the secondary storage location.

Examples: Floppy Drive; Hard Disk; Compact Disk (CD) Drive; Magnetic Tape; pen drive etc.

## B). Basic Software Concepts:

Software is a general term used to describe all the forms of programmes associated with the computer. Without software, a computer is life less. Software is nothing but a set of instructions that tell the computer what to do, how to do and when to do.

Software is further divided into System Software and Application Software.

**System software** also called as Operating System, is the one that gives the computer, the ability to recognise, respond, use and control different hardware and peripheral devices. Helps in loading the Application Software. Acts as an interface between the user and the computer. It is a must for every computer.

Examples: Ms.Dos., Unix, XENIX, Sco-Unix, Linux, Windows, Windows-XP etc.

**Application software** is a specific programme meant for carrying on specific tasks depending on the need of the user in a particular environmental setup.

Examples: Property Management System (PMS),  
Front Office Management System (FOMS),  
Hotel Management System (HMS),  
Accounting Systems,  
Central Reservation System (CRS) etc.

## C). System Software:

(i). **Ms.Dos.** is an example of a CUI *character user interface* concept also called as CLI *command line interface*. In order to perform a task command has to be typed using the **keyboard**. The user needs to remember several commands to perform certain operation.

Anything, information or data or picture or music, on a computer is stored in the form of a file. Every file has a name that is made up of a primary name and a secondary name or extension name and the two are separated by a dot.

Example: STUDENTS.DBF; MEET1.DOC; MYPIC.JPG

The primary name can be 1 to 8 characters long, this is compulsory. The secondary name or extension name can be 0 to 3 characters and is optional. The significance of secondary name is that it helps us to know the type of file or it's content. While naming a file only the following are valid:

Characters A to Z

Digits 0 to 9

Special symbols like ! @ # \$ % ^ & ( ) - \_ ~ { } ‘

(ii). **Windows** is an example of GUI *graphic user interface*. This requires the user to select a graphical picture known as **icon** using a **mouse or keyboard** to perform a task.

A **Folder** is a container of sub-Folders and Files.

A **File** is a container of either text, audio or video, picture, graph, data or an executable programme.

➤ Executable programme files will automatically start off when double clicked.

Example: Ms.Word; Ms.Excel; Ms.Power Point; Ms.Access; Windows Media Player; Internet Explorer; Paintbrush etc.

➤ The rest of the files will open up with the help of these executable files only.

Example: Document.Doc; Marks.Dat; Holiday.Gif; Butterfly.BMP; Inter.Htm etc.

### **(a). To find a file or folder**

1. Click **Start**, point to **Find**, and then click **Files or Folders**.
2. In **Named**, type all or part of the file name.

Enter a word or phrase in **Containing text** if you do not know the name of a file but know a distinctive word or phrase it contains.

If you want to specify the location to start the search, click **Browse**.

3. Click **Find Now**.

#### **Note**

- If you want the search to be case-sensitive, click the **Options** menu and make sure a check mark appears next to **Case Sensitive**. Click to create the check mark; click again to clear it.

#### **(b). To copy a file or folder**

1. In **My Computer** or Windows Explorer, click the file or folder you want to copy.
2. On the **Edit** menu, click **Copy**.
3. Open the folder or disk where you want to put the copy.
4. On the **Edit** menu, click **Paste**.

#### **Notes**

- To select more than one file or folder to copy, hold down the CTRL key, and then click the items you want.
- To select a folder in the left pane of Windows Explorer, click the folder.

#### **(c).To change the name of a file or folder**

1. In **My Computer** or Windows Explorer, click the file or folder you want to rename.
2. On the **File** menu, click **Rename**.
3. Type the new name, and then press ENTER.

#### **Notes**

- A file name can contain up to 255 characters, including spaces. It cannot contain the following characters: \ / : \* ? " < > |
- To select a folder in the left pane of Windows Explorer, click the folder
- To select a folder in the left pane of Windows Explorer, click the folder.

#### **(d). To delete a file or folder**

1. In **My Computer** or Windows Explorer, click the file or folder you want to delete.
2. On the **File** menu, click **Delete**.

## Notes

- For information on how to retrieve a deleted file, click **Related Topics**.
- You can also drag file or folder icons into the **Recycle Bin**. If you press SHIFT while dragging, the item will be deleted from your computer without being stored in the **Recycle Bin**.
- To select a folder in the left pane of Windows Explorer, click the folder.

### (e). To move a file or folder

1. In **My Computer** or Windows Explorer, click the file or folder you want to move.
2. On the **Edit** menu, click **Cut**.
3. Open the folder where you want to put the file or folder.
4. On the **Edit** menu, click **Paste**.

## Notes

- To select more than one file or folder, hold down the CTRL key, and then click the items you want.
- You can also move a file or folder by dragging it to the desired location.

### (f). To create a Folder or File

1. On either the desktop or in any folder, click the right button of the mouse.
2. From the pop-up menu choose **New** option.
3. Then choose **Folder** or **File**.
4. Give the name you want to have for the same.

## Notes

- At a time only one folder or file can be made.
- To make more than one the operation has to be repeated.

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## Exercises:

Explain the following with format wherever necessary:

1. VPO
2. Allowance voucher
3. Subsidiary books
4. Cash Summary
5. Double-entry
6. Credit Note
7. Credit Card
8. Software
9. City Ledger
10. ARR

Answer the following:

1. What is the data needed for making a Room reservation? Explain with a neatly drawn Reservation Form.
2. What are the circumstances under which a guest is shifted to another room?
3. What is the work of Night Auditor?
4. What is a VTL? Draw the format of a VTL with few imaginary entries.
5. What are the different methods of settling a bill? Point out the caution to be taken by the Front Office Cashier under each method of settlement.
6. What is hardware? Give examples of hardware.
7. How are accounts classified and what are the rules for Posting?
8. Why is it necessary to conduct Night Audit in a hotel?
9. Journalise the following transactions using proper format:
  - a. 16-Jun-04 Sold goods to Rakesh for Rs.2500 on credit.
  - b. 16-Jun-04 Rakesh returned goods of value Rs.150.
  - c. 18-Jun-04 Rakesh paid Rs.2000 by cheque.
  - d. 19-Jun-04 Gave a cash discount of Rs.100 to Rakesh.
  - e. 20-Jun-04 Rakesh paid the balance amount of Rs.250 in cash.

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## Reference Books:

1. Richard Kotas – Book-keeping in Hotel and Catering Industry
2. Frank Wood & Peter Lightowlers – Accounting in the Hotel and Catering Industry.