

Hospitality **A**udit **S**ervices

Management Accounting Program

For Small Hospitality Businesses

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We have developed a management accounting program for small hospitality businesses (with or without accommodation) which will allow you to quickly review both costs and revenue in real time

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This program will tell you each month how your business is performing compared to your forecast (budget) and last year.

You may get this information from your book keeper at the end of the year – this is too late

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The program is licenced to a specific computer for a specific period of time (usually 12 months)

If you wish to keep using the program, the licence will be extended

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You cannot just buy this program.
Someone from **HAS** will come to
your premises and set it up by
inputting your yearly forecast and
adding last years figures if required

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We will also train you and any employees on how to use the program. Support is available for the length of the licence

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So how does the
program work?

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Firstly - Create A Forecast

Depending on your business, you can use any or all of the following three revenue centres;

- Accommodation – Calculate Average Room Rate (ARR) and Revenue Per Available Room (RevPar)
- Food – Any items produced by the kitchen plus hot drinks from the bar
- Beverage - Any drinks sold from a bar including crisps and nuts etc but excluding hot drinks

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Accommodation Revenue Calculation

- Decide on a selling price for a breakfast – I would suggest £7.50 ex VAT
- Example – A double room including breakfast sells for £120.00 (2 sleepers).
- Excluding VAT this is £100.00. Take off the breakfast and this leaves a room rate of £85.00
- If you only sell this room, your average room rate is £85.00
- If you have 10 rooms to sell, but only sell this one, your RevPar is £8.50

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Food

- Cost out your menus
- Always calculate the cost for 10 portions and then divide the result by 10. This is more accurate than costing one portion
- Add 5% to the total cost for non saleable items such as condiments and staff food
- Decide on the profit margin you would like (70% is a standard figure)
- The cost should therefore be 30% of the selling price ex VAT
- Add VAT to give the selling (menu) price –

IS THIS REASONABLE?

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Beverage (liquor)

- Either run a stocktake to calculate your gross Profit Margin, or complete a beverage flash report
- Estimate your monthly sales

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Put all this together
to create a monthly
forecast

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	January 2013	Previous Year	Variance
Revenue			
Accommodation			
Rooms Available per night	10	0	-10
No of Rooms to Sell (Month)	310	0	-310
No of Rooms Sold (Month)	155	0	-155
No of Sleepers (Month)	290	0	-290
Revenue	£14,337.50	£0.00	-£14,337.50
Average Room Rate	£92.50	£0.00	-£92.50
Occupancy	50.0%	0%	-50.0%
Guests per room	1.87	0.00	1.87
RevPar	£46.25	£0.00	£46.25
Beverage	£10,000.00	£0.00	(£10,000.00)
Food Breakfast @ £8.50	£2,465.00	£0.00	(£2,465.00)
Food	£12,000.00	£0.00	(£12,000.00)
Other	£200.00	£0.00	(£200.00)
Total Revenue Ex VAT	£39,002.50	£0.00	(£39,002.50)

Cost of Sales			
Beverage Purchases	£3,000.00	£0.00	(£3,000.00)
Cost of Sales %	30.0%	0%	30.0%
Food Purchases	£4,000.00	£0.00	(£4,000.00)
Cost of Sales %	27.7%	0%	27.7%
Other Cost of Sales (Laundry)	£500.00	£0.00	(£500.00)
Total Cost of Sales	£7,500.00	£0.00	(£7,500.00)
Gross Profit	£31,502.50	£0.00	(£31,502.50)
Total GP%	80.8%	0%	80.8%

Forecasted Revenue and cost of sales

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Add other costs to give a monthly cash flow and profit and loss forecast;

Repeat for the year to

Give a yearly forecast –

This is what you hope to achieve

Other Costs	
Advertising	£100.00
Wages	£10,000.00
Wages % of Turnover	25.6%
Bank Charges & Int	£200.00
Cleaning	£200.00
Commission Paid	£200.00
Grounds Maintenance	£200.00
Heating and Lighting	£200.00
Other	£2,200.00
TOTAL	£13,300.00
Net Profit	
	£18,202.50
Opening Balance	
	£0.00
Revenue	£39,002.50
Costs	£20,800.00
Closing Balance	£18,202.50

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As you trade you need to record actual revenue and costs so that these can be compared to your forecast

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Revenue

Complete the monthly revenue tab. This should take about five minutes a day. The information should come from your till system plus any accommodation actual revenue

Complete these cells with actual revenue including VAT (takings)				
	Tue 01-Jan	Wed 02-Jan	Thu 03-Jan	Fri 04-Jan
No of Rooms to Sell	10	10	10	10
No of Rooms Sold	5	5	5	5
No of Sleepers	8	8	8	8
Accommodation Gross Revenue (Takings)	£500.00	£500.00	£500.00	£500.00
Ex VAT	£416.67	£416.67	£416.67	£416.67
No of Breakfasts	8	8	8	8
Breakfast Revenue (£8.50 ea ex VAT)	£68.00	£68.00	£68.00	£68.00
Rooms Revenue	£348.67	£348.67	£348.67	£348.67
Average Room Rate	£69.73	£69.73	£69.73	£69.73
Occupancy	50.0%	50.0%	50.0%	50.0%
Guests per room	1.60	1.60	1.60	1.60
RevPar	£34.87	£34.87	£34.87	£34.87
Bar Sales inc VAT				
Food	£100.00	£100.00	£100.00	£100.00
Beverage	£200.00	£200.00	£200.00	£200.00
Other Sales Food				
Other Sales Beverage				
Other Revenue				
Total	£300.00	£300.00	£300.00	£300.00
EX VAT	£250.00	£250.00	£250.00	£250.00
Total Daily Takings Inc VAT	£800.00	£800.00	£800.00	£800.00
Total Daily Takings Ex VAT	£666.67	£666.67	£666.67	£666.67
Enter this revenue into Flash Reports This is EX VAT				
Food	£151.33	£151.33	£151.33	£151.33
Beverage	£166.67	£166.67	£166.67	£166.67

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F&B Costs

This spread sheet uses actual revenue and purchase information over a month to calculate your actual GP% and cost of sales. It can be used for both food and beverage

Period	Jan-14							
Week	1	Dog & Duck						
Commencing	Wed, Jan 01,							
SUPPLIERS								Total
	Wed, Jan 01,	Thu, Jan 02,	Fri, Jan 03,	Sat, Jan 04,	Sun, Jan 05,	Mon, Jan 06,	Tue, Jan 07,	
Brake Bros	£50.00		£60.00			£70.00		£180.00
3663		£40.00		£40.00			£40.00	£120.00
Petty Cash	£30.00		£30.00		£20.00	£25.00	£50.00	£155.00
Total Purchases	£80.00	£40.00	£90.00	£40.00	£20.00	£95.00	£90.00	£455.00
REVENUE								
Breakfast	£105.00	£105.00	£105.00	£105.00	£105.00	£105.00	£105.00	£735.00
Lunch	£50.00	£50.00	£50.00	£50.00	£50.00	£50.00	£50.00	£350.00
Dinner	£50.00	£50.00	£50.00	£50.00	£50.00	£50.00	£50.00	£350.00
Revenue Total	£205.00	£205.00	£205.00	£205.00	£205.00	£205.00	£205.00	£1,435.00
Food Cost % Daily	39.0%	19.5%	43.9%	19.5%	9.8%	46.3%	43.9%	31.7%
Weekly Results	WK 1	WK 2	WK 3	WK 4	WK 5	Month		
Total Purchases	£455.00					£455.00		
Revenue Total	£1,435.00					£1,435.00		
Weekly Food Cost	31.71%					31.71%		

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You now have your forecasted figures and actual figures for a month –

these need
to be
compared;

	January 2013		
	Actual	Forecast	Variance
Revenue			
Accommodation			
<i>Rooms Available per night</i>	10	10	0
<i>No of Rooms to Sell (Month)</i>	310	310	0
<i>No of Rooms Sold (Month)</i>	155	155	0
<i>No of Sleepers (Month)</i>	248	290	-42
<i>Revenue</i>	£10,808.67	£14,337.50	-£3,528.83
<i>Average Room Rate</i>	£69.73	£92.50	-£22.77
<i>Occupancy</i>	50.0%	50%	0.0%
<i>Guests per room</i>	1.60	1.87	-0.27
<i>RevPar</i>	£34.87	£46.25	-£11.38
Beverage	£5,166.67	£10,000.00	-£4,833.33
<i>Food Breakfast @ £8.50</i>	£2,108.00	£2,465.00	-£357.00
<i>Food</i>	£2,583.33	£12,000.00	-£9,416.67
<i>Other</i>	£0.00	£200.00	-£200.00
<i>Total Revenue Ex VAT</i>	£20,666.67	£39,002.50	-£18,335.83

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Now go back to your forecast sheet and adjust future months based on your actual figures from the first month – You will now have an accurate yearly forecast after only one months trading.

This will allow you to quickly make changes if it looks like you are not going to make the required profit

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Please contact Chris Pearson by
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Or phone me on **07795 613 821** if
you would like to discuss this
further