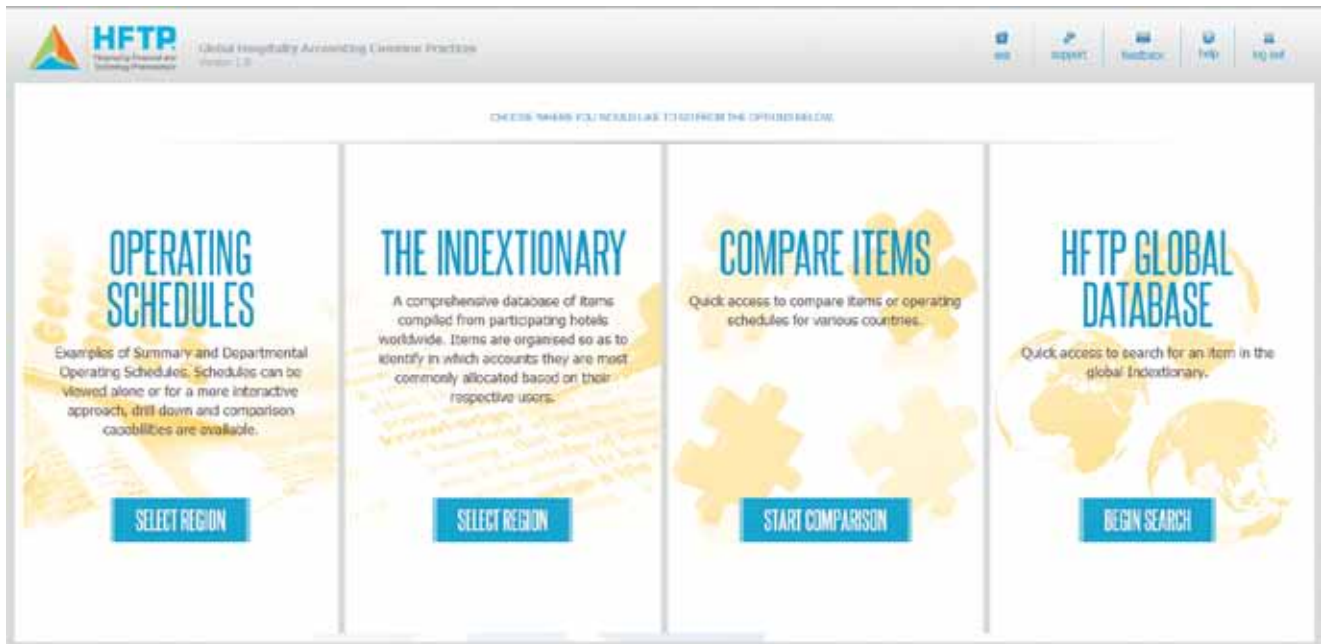


# INTRODUCING: GLOBAL HOSPITALITY ACCOUNTING COMMON PRACTICES



An online resource offering a searchable database of operating financial reporting practices used at lodging properties around the world, **PLUS** guidance on industry standards, and commentary and analysis from industry experts

By Tanya Venegas, MBA, MHM

**A** little over a year ago HFTP committed to a major initiative called the Global Hospitality Accounting Common Practices (GHACP). In this issue, the HFTP Research Center Q&A you will give a basic introduction to the project and how it can help you in your operations. After reading the Q&A, if you desire more information about the project I encourage you to seek out the feature article in this issue of *The Bottomline* (page 20) about the GHACP.

## What is the Global Hospitality Accounting Common Practices?

The Global Hospitality Accounting Common Practices project is better known as the GHACP. The primary goal of this initiative is to provide an accessible online resource and guide for hospitality industry accounting practices. The project provides a searchable database of detailed operating financial reporting practices used at lodging properties around the world, along with guidance on industry standards, and commentary and analysis from industry experts.

## How do you get the data for the GHACP?

GHACP data is based on the input of many experienced hospitality accounting professionals from around the world. The project leaders started by collecting information from Europe and Asia with the assistance of industry practitioners and university students. For North America, HFTP CEO Frank Wolfe, CAE gained the permission of the Financial Management Committee of the American

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Hotel & Lodging Association (AH&LA) to include the 10th and 11th editions of the *Uniform System of Accounts for the Lodging Industry* (USALI) in the GHACP. To-date, the database hosts approximately 5,000 items.

To build this valuable resource, a multinational team of hospitality management students surveyed reporting practices at lodging properties across the globe. The information collected focused primarily on operating statements and key financial performance indicators to highlight examples of current practices.

### Who is the target audience for the GHACP?

The users of financial information come in many forms, from owners to investors, from controllers to CFOs, from financial professionals to academic constituents. Thus any benchmarking information services that can be used by these groups to compare common practices for hotel man-

agement reporting from region to region would prove to be very useful.

### What countries or regions are currently incorporated into the GHACP?

The database currently includes five regions: Hong Kong, Netherlands, United Kingdom, and the 10th and 11th editions of the *USALI*. As with any benchmarking services, in order to stay relevant, it is imperative that the GHACP is a fluid product requiring continuous updating and development. Project leaders are constantly searching for contributors in new regions of the world.

### What are the features of the GHACP?

There are four primary offerings: Operating Schedules, Indexitory, Compare Items and the HFTP Global Database. Details from each section are illustrated below.

## OPERATING SCHEDULES

Once you enter the database, you can choose a region and view the summary operating statements of that region. You can also use this summary operating statement page to drill down to see how each line on a summary operating statement is linked to a schedule; which, in turn, links to the accounts within that schedule.

**Step 1.** Select Operating Schedules from the GHACP home page



**Step 2.** Select the region you want to view.



**Step 3.** View the Summary Operating Schedule

Hong Kong	
SUMMARY OPERATING SCHEDULE	
<b>REVENUE</b>	
ROOMS	
FOOD & BEVERAGE	
• HOTEL OPERATING DEPARTMENTS	
<b>Total Revenue</b>	
<b>DEPARTMENT EXPENSES</b>	
ROOMS	
FOOD & BEVERAGE	
• HOTEL OPERATING DEPARTMENTS	
<b>Total Department Expenses</b>	
<b>Income from Operating Departments</b>	
<b>OVERHEAD DEPARTMENT EXPENSES</b>	
ADMINISTRATIVE & GENERAL	
UTILITIES	
PROPERTY COST	
ROOMS LAUNDRY	
FINANCIAL COMMUNICATIONS	
P.T.E.S.	
REPAIRS & MAINTENANCE	
UNEMPLOYMENT	

**Step 4.** View a Departmental Schedule

Hong Kong	
SCHEDULE	
Room	
<b>REVENUE</b>	
ROOMS	
FOOD & BEVERAGE	
• HOTEL OPERATING DEPARTMENTS	
<b>TOTAL REVENUE</b>	
<b>P.T.E.S. EXPENSES</b>	
PROPERTY COST	
FINANCIAL COMMUNICATIONS	
REPAIRS & MAINTENANCE	
UNEMPLOYMENT	
<b>TOTAL P.T.E.S. EXPENSES</b>	
<b>OTHER EXPENSES</b>	
PROVISIONS FOR OPERATING EQUIPMENT	
OPERATING DEPRECIATION	
• G & A EXPENSES	
<b>TOTAL OTHER EXPENSES</b>	
<b>DEPARTMENT PROFIT/LOSS</b>	

**Step 5.** View items included in Other Income

Compare	Item	Account	Sheet 1
<input type="checkbox"/>	Bar Sale	Other Income	None
<input type="checkbox"/>	Bar Expense	Other Income	None
<input type="checkbox"/>	Hotel/Club	Other Income	None
<input type="checkbox"/>	Bar Menu	Other Income	None
<input type="checkbox"/>	Bar Menu Ref	Other Income	None
<input type="checkbox"/>	Bar	Other Income	None

**THE INDEXTIONARY**

The core of the GHACP is the Indextionary, an online database organized by region and designed to put commonly accepted accounting categories at the fingertips of hospitality accountants. When accessing the Indextionary, users will be prompted to select a region and can then search by individual items.

**Step 1. Select Indextionary**



**Step 2. Select a Region**



**Step 3. Search Items in Indextionary**



**How can I use the GHACP to assist in the transition between the 10th and 11th editions of the USALI?**

Yes, the 10th and 11th editions of the USALI can easily be compared using the GHACP. The site facilitates a side-by-side view of the summary operating statements of the 10th and 11th editions as well as any of the other regions included in the database. So, when you utilize the comparison function, you can view up to three statements presented side-by-side.

For example, when you take a look at the Undistributed Operating Expenses in the 11th edition you will see that there is a new schedule: Information and Telecommunications Systems. One click on the link will take you to the expenses included in that schedule. To go further, a click on the “+” will expand the list and you will see the details.

Look for further information about the GHACP and how you can access this exciting project in the near future!

**COMPARE ITEMS**

When Compare Items is chosen, users will be prompted to either compare regional operating schedules or compare Indextionary items by region.



**HFTP GLOBAL DATABASE**

All regional items are then combined into the HFTP Global Database. In other words, the HFTP Global Database summarizes all the items and allows users to conduct a global inquiry and search for individual items.



## Certification Update

# HexQ Software Manages Exam Questions

Customized system automates the question submission and review process, helping generate an exam that tests on the most current topics

HFTP's designations are changing with the industry with a whole new bank of exam questions that reflect current business practices. The updated exams for both the Certified Hospitality Technology Professional (CHTP) and the Certified Hospitality Accountant Executive (CHAE) will hold weight by testing applicants' knowledge on today's relevant topics and continue to signify a professional's dedication to the hospitality industry. The CHTP exam has already integrated new questions, and the CHAE exam will come next, with new questions slated for 2015.

In order to continue to keep the hundreds of CHAE and CHTP exam questions fresh and relevant, including the new ones currently being added, HFTP has now developed HexQ (Hospitality Exam Questions). This custom software traces the history of an exam question: including when it was last reviewed, flags it for review, marks it for revision and more.

The software also provides a function for submitting new questions, which then puts them in play for the review/approval process. This easy process encourages growing the question pool; and when it comes time to generating



HFTP Director of Certification, Bryan Wood (l), and HFTP Global Treasurer Lyle Worthington, CHTP (r) answer HexQ questions at the 2014 HFTP Annual Tradeshow in New Orleans, La.

a current exam, the software will extract from the active exam questions.

Looking forward, this automated system, will help HFTP maintain the value of both designations with an active process for reviewing and updating the questions.

To learn more, how you can contribute questions or for general certification questions, contact the HFTP Certification Department at [certification@hftp.org](mailto:certification@hftp.org).

## COMPARISONS OF THE USALI 10TH AND 11TH EDITIONS

### 1. Comparison of the Summary Operating Schedules

USALI 10	USALI 11
<b>SUMMARY OPERATING SCHEDULE</b>	<b>SUMMARY OPERATING SCHEDULE</b>
<b>REVENUE</b> ROOMS FOOD AND BEVERAGE OTHER OPERATED DEPARTMENTS HOTELS AND OTHER REVENUE Total Revenue	<b>OPERATING REVENUE</b> ROOMS FOOD AND BEVERAGE OTHER OPERATED DEPARTMENTS HOTEL AND OTHER REVENUE Total Operating Revenue
<b>DEPARTMENTAL EXPENSES</b> ROOMS FOOD AND BEVERAGE OTHER OPERATED DEPARTMENTS Total Departmental Expenses	<b>DEPARTMENTAL EXPENSES</b> ROOMS FOOD AND BEVERAGE OTHER OPERATED DEPARTMENTS Total Departmental Expenses
<b>Total Departmental Income</b>	<b>Total Departmental Profit</b>
<b>UNDEPARTMENTED OPERATING EXPENSES</b> ADMINISTRATIVE AND GENERAL SALES AND MARKETING PROPERTY OPERATING AND MAINTENANCE UTILITIES Total Undepartmented Expenses	<b>UNDEPARTMENTED OPERATING EXPENSES</b> ADMINISTRATION AND GENERAL INFORMATION AND TELECOMMUNICATION SYSTEMS SALES AND MARKETING PROPERTY OPERATING AND MAINTENANCE UTILITIES Total Undepartmented Expenses

### 2. Expanded view of the IT Systems Schedule looking at System Expenses

USALI 11
<b>INFORMATION AND TELECOMMUNICATION SYSTEMS</b>
EXPENSES LABOR COSTS AND RELATED EXPENSES TOTAL LABOR COSTS AND RELATED EXPENSES COST OF SERVICES TOTAL COST OF SERVICES OTHER EXPENSES INFORMATION AND GENERAL CONTRACTED INFORMATION SYSTEM SERVICES SERVICE ORGANIZATION FOOD AND BEVERAGE SALES MARKETING HEALTHY GROWTH BUSINESS RECOVERY OPERATING EXPENSES OPERATING EXPENSES OTHER PROPERTY OPERATING AND MAINTENANCE ROOMS SALES AND MARKETING TELECOMMUNICATIONS TOTAL SYSTEM EXPENSES OTHER EXPENSES TOTAL OTHER EXPENSES Total Expenses

### 3. Information and Telecommunications Systems Schedule

USALI 11
<b>INFORMATION AND TELECOMMUNICATION SYSTEMS</b>
EXPENSES LABOR COSTS AND RELATED EXPENSES TOTAL LABOR COSTS AND RELATED EXPENSES COST OF SERVICES TOTAL COST OF SERVICES OTHER EXPENSES INFORMATION AND GENERAL CONTRACTED INFORMATION SYSTEM SERVICES SERVICE ORGANIZATION FOOD AND BEVERAGE SALES MARKETING HEALTHY GROWTH BUSINESS RECOVERY OPERATING EXPENSES OPERATING EXPENSES OTHER PROPERTY OPERATING AND MAINTENANCE ROOMS SALES AND MARKETING TELECOMMUNICATIONS TOTAL SYSTEM EXPENSES OTHER EXPENSES TOTAL OTHER EXPENSES Total Expenses