

FOREIGN CURRENCY ENCASHMENT

1. Request the guest to produce his/her passport and determine the credentials.
 2. Ask to the guest for his room number.
 3. In case of non-residence, request his/her to contact the lobby manager for his authorization for the transaction
 4. Find out the type of currency to be exchanged and determine whether it is exchangeable as per governor banking regulation.
 5. Fill in all the details in the foreign exchange encashment certificate.
 6. Request to the guest to sign the travelers cheque and voucher in person.
 7. Compare the signature.
 8. Receive the amount of foreign currency in cash or travelers cheque.
 9. Calculate the total amount to paid in local currency by multiplying the foreign currency amount by the rate of exchange.
 10. Give the original copy of the certificate and the total amount in local currency to the guest.
 11. Attach the second copy of the encashment certificate to the notes to the traveler's cheque.
 12. Leave the third copy in the book.
 13. Fill in the details in reception cashier's report.
- Fill in the details in the foreign currency control sheet.

ALLOWANCE VOUCHER		
No: _____		
Date: _____		
Name: _____		Room A/C No : _____
Detailed explanation	Amount	
	Rs.	Rs.
Rupees in words		
Total Rs.		

Guest Accounting

There exist several transactions between the hotel and the guest. it is the front office staffs that carry out this functions. Normally hotels have a front office cashier to engage in these type of transactions with the guest. As soon as the registration of the guest is over, folio is opened no his/her name to record all transactions. The guest folio should always updated whenever the makes a transactions. At the time of guest's check out, the guest's folio is verified for the outstanding expenses of the guest. The final bill is made handed over to the guest for the settlement.

The following are the main objectives of the front office accounting system:

- To handle the guest's transactions in an easy way
- To identify the revenues from different departments
- To monitor credit limit of the guest
- To avoid the fraudulent practices of staff
- to maintain an accurate data of guest's transactions
- To save time and to avoid misplacement's

Documents Generated in Guest accounting

there are various documents that are maintained to ensure a proper guest accounting system in hotels. They are as follows.

- 1) Folios
- 2) Vouchers
- 3) City Ledger
- 4) High Balance Report
- 5) Guest Ledger

1) Folios: A folio is a statement of all transactions (i.e. debits & credits) affecting the balance of a single account. At Checkout, any guest folio should be balanced to 0 through full cash payment, credit card transfer, personal check transfer, special program transfer, and direct billing transfer...The correct way of maintaining folios starts with proper posting, which is the process of recording transactions on a folio (i.e. proper folio, proper location and proper amount)Under the manual, semi-automated and fully automated systems, folios are called hand-written folios, machine-posted folios, and computer-based electronic folios respectively. Moreover, all folios shall have a unique serial number for internal control and storing purposes.

In the front office department, there are four common types of folios used:

- a) **Guest folios:** accounts assigned to individual persons or guestrooms
- b) **Master Folios:** accounts assigned to more than one person or guest room; usually reserved for guest groups
- c) **Non-Guest (or semi-permanent) folios:** accounts assigned to non-guest businesses or agencies with hotel charge purchase privileges
- d) **Employee Folios:** accounts assigned to employees with charge purchase privileges

Apart from the above mentioned common folios, front office department get use of some other types of folios such as A-type, B-type, C-type, D-type, and E-type folios.

2) Vouchers: Vouchers are documents that have the details of the purchases made by the guest from an outlet of a hotel. This is send to the front desk and they carry out the posting process in the guest's folio. Vouchers acts as a supporting document of the transaction happened between the hotel and the guest.If the guest pays the amount in the outlet, then the voucher is filed there itself. And in case, if the guest signs the voucher, it is send to the front desk for the posting purpose. Vouchers are also known as Checks. A voucher is a proof that a transaction has taken place in the hotel. Charge vouchers, Correction vouchers, Allowance vouchers, Transfer vouchers and Paid Out vouchers are examples of vouchers.

a) Charge vouchers: Charge purchases are deferred payment transactions. In a deferred payment transaction, the guest receives goods or services from the hotel but does not pay for them immediately. If the transaction occurs somewhere other than at the front desk, it must be communicated to the front desk for proper folio posting. This is done through a charge voucher, also called as account receivable voucher.

b) Correction vouchers: An account correction transaction corrects a posting error in a folio. An account

Correction is made on the same day the error is made, before the close of business. An account correction can either increase or decrease an account balance. E.g. If a charge is wrongly posted as lower than the actual rate, it can be corrected on the same day after entering the details of correction in a correction voucher.

c) Allowance vouchers: Allowance vouchers can be of 2 types. One type of allowance is a compensation given to a guest for poor services or discounts etc. The other type of allowance is a correction to a posting error on an existing account after the close of business. Any account allowances must be documented with the use of an allowance voucher. All allowance vouchers require management

ALLOWANCE VOUCHER		
No: _____		
Date: _____		
Name: _____		Room A/C No : _____
Detailed explanation	Amount	
	Rs.	Rs.
Rupees in words		
Total Rs.		

d) Transfer vouchers: A transfer voucher is used when the account balance or account entry is transferred or shifted from one folio to another folio. E.g. When one guest staying in room 203, agrees to pay a dinner charge for his friend who is also a guest staying in room 209 in the hotel, the charges must be transferred from room no. 209 folio to room 203 folio and this transfer must be documented by a transfer voucher. An account transfer may also occur when a guest checks out by paying through credit mode. The guest's outstanding account balance is transferred from a guest account to a non-guest account through the use of a transfer voucher.

f) Paid out vouchers (Visitor's Paid Out): Also called as a Cash Advance or VPO. It is cash paid out by the hotel on behalf of the guest. If petty payments like taxi fare, cinema tickets, postage etc. are made by the front desk, a Visitor's Paid out Voucher is issued on guest's name and his signature is collected and the amount is debited in guest's folio.

HOTEL ABC	
PAID OUT VOUCHER	
Date	Time
Guest's name	
Room no.	Account folio no.
Detailed explanation	
.....	
Rs. (In words	
.....)	
Prepared by	
Authorised by	
Audited by	
Signature of the guest	

3) Ledger

A Ledger is a book in which the accounts of both resident and non-resident guests are entered. In simple words, it's a grouping of guest accounts. This ledger aids in preparing the Profit and Loss account and Balance Sheet of a hotel.

a) City Ledger: The City ledger is also known as 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 to the city ledger in the accounting division for collection.

City Ledger could also 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. Walkouts 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 overdue 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.

b) Guest ledger: Guest Ledger is a type of ledger that has the accounts of all the guests residing in a hotel. After the registration process of the guest is over, a guest folio is opened on his/her name to record all the purchases which he/she is making from the hotel. This ledger is also known as Transient or Room Ledger.

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. Guest's financial transactions are recorded in guest ledger accounts to track guest account balances. Some of the accounts of the resident guests may be settled by their company, travel agency or Airline Company. In this case, at the time of the guest's check-out, his signature is taken and the guest account is transferred from the Guest Ledger to City Ledger.

RECORDS AND LEDGERS MAINTAINED BY THE CASHIER

1) TABULAR LEDGER: For many years this method of recording charges issued in hotel was the only one existence and for several years even after the introduction of electronic account and in the early days of computerization it continued to the most of the common method in use. The advantage of using the system is that hotel can head up columns according to their needs and should they change over a period of time no extra cost are incurred.

Although still used by many smaller hotel in many units it has been replaced by computerization since computer programs are now available to suit all type and sizes of hotels even so, the possible of the tab and its double entry of charges is applicable to all sorts of hotel billing, and student who are familiar with its operation in easy adapt to other more sophisticated means of accounting.

The system revolves around two records one is the customer account and the another is the summary of all the change incurred by all guest during the day and forms the basis hotel record of earning the customer's bill is normally prepared in duplicate one copy being given to the guest upon departure and the other retained by the hotel for control purpose.

2) VERTICAL TABULAR LEDGER: The rooms numbers of guest are entered across the tab the charger are recorded vertically below each room numbers. This system is often used in hotel the carbon paper is used to ever charger on to the tab and the bill at the same time debit entries form the main body of the tab, while credits and entered at the bottom after the daily total has been summarized.

Each days tab would consist of a number of similar sheets. The exact number of sheets used depends upon the number of rooms let.

3) HORIZONTAL TABULAR LEDGER: With the horizontal tab the departmental charges are lighted across the tab so each guest account is arranged horizontally across the page of the tab. Debit charges to the guest accounts are enter on the left hand side and credit entries on the right. Normally two lines are allowed for each room number this enables the number of entries to be made under the departmental heading for example, a guest may have a number of telephone calls course of a day.

Records Maintained by front office cashier

The following are the records that are maintained by the front desk in terms of guest accounting

- 1) Daily Report
- 2) Account Aging Report
- 3) Visitor's Tabular Ledger
- 4) High Balance Report
- 5) Vouchers
- 6) Folios
- 7) Ledgers
- 8) Cash Receipts

1) Daily Report:

The night auditor of a hotel summarizes the total receipts for each day on a daily report. This report includes:

∅ Room rentals

∅ Banquet room rentals

∅ Food sales

∅ Beverage sales

∅ Gift shop sales

∅ Telephone charges

∅ Vending machine sales

∅ other miscellaneous sales or services

The daily report may also include:

- v Room and food statistics, such as:
- v Number of rooms occupied - single
- v Number of rooms occupied - double
- v Number of complimentary rooms
- v Average daily rate
- v Number of breakfast, lunch and dinner covers
- v Sales tax payable
- v Hotel Occupancy, Tax payable.
- v Cash account and credit card accounts

2) Account Aging Report

It is a document that supervises the receivable account from the guest that has aged over a specific period of time.

3) Visitor's Tabular Ledger (VTL):

VTL is a loose large sheet used in small hotels in which the daily guest transactions are entered. Whenever a guest is purchasing, the entry is made against each guest account in a VTL Guest bill is made on the basis of VTL and hence it should be updated every time.

4) High Balance Report:

A high balance report is made daily which states all the guest accounts whose totals are near to or in excess of the credit limit of the hotel. It is the duty of the night auditor and front desk agents to handle the high balance guest accounts. The night auditor will send a copy of the guest bill with a letter to the guest's room requesting him to deposit the amount in the reception so that they can extend the credit facilities to the guest.

Hotel ABC Guest Ledger High Balance Report			
Date: _____		Reviewed by: _____	
Auditor: _____		Reviewed by: _____	
Room No.	Guest Name	Amount	Action Taken
103	Ms. Sonia	8000/-	Contacted, paid Rs.4000, address & credit verified
122	Mr. Amit Prakash	5000/-	Left 3 messages. No contact, action necessary
301	Mr. Vaseem	7000/-	Direct billing

In case if the guest fails to contact the reception, then the Lobby manager might personally meet the guest and talk out the matter. But if the guest is not responding at all, then the room of the guest will be double locked

Hotel ABC Notification of High Balance	
Room No. _____	Date: _____
Dear _____	
I would like to notify you that expense up until _____ are _____	
This amount is in excess of the level of credit the hotel normally extends to its guests. We would, therefore, be most grateful if you would contact our duty manager on _____ or the front office manager to establish how you wish to settle your account.	
Yours sincerely,	
.....	
Front Office Manager	

5) Vouchers:

REFER VOUCHERS ON DOCUMENTS GENERATED BY FO CASHIER

6) Folios:

REFER VOUCHERS ON DOCUMENTS GENERATED BY FO CASHIER

7) Ledger:

REFER VOUCHERS ON DOCUMENTS GENERATED BY FO CASHIER

8) Cash Receipt:

Cash receipts are actually the printed documents which are needed by any business, each and every time when the cash is received for a specific service or good. It is necessary for making a cash receipt that you must know all the aspects of cash receipt so that you would be able to get special cash receipt for your business purposes. Sometime when people want to get a special cash receipt format then they often make many mistakes. In order to avoid such mistakes, here is the complete format of cash receipt and by using such format the chances of mistakes would be minimized.

CASH RECEIPT

Company Name _____ Number: _____
 Address: _____ Date: _____

Cash Receipt

Received from _____ \$ _____
 For _____ dollars

Amount of account: _____
 This payment: Check
 Balance due: Cash
 Money order

By: _____

PETTY CASH

Taxi fares, laundry and dry cleaning and other small items are often paid by the cashier's department from a separate petty cash float. This float is reimbursed daily by the hotels and individual petty cash vouchers are allowed against the days takings. It is important for the control of the petty cash float that only authorized payments are made against receipts for the amount spent. Petty cash payment are subject to an upper limit and are only paid out after being counter signed by a member of the management.

PETTY CASH VOUCHER
 DATE : _____

FOR WHAT REQUIRED	AMOUNT	
	Rs	P

SIGNATURE : _____
 FOLIO : _____ PASSED BY _____