



Financial Management for The Hotel Industry

Module Name: Financial Management for the Hotel Industry

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Task 1

Edit and prepare the budget planner (cash flow forecast)

Personal Budget Planner														
		Ap r	M ay	Ju n	Jul	Au g	Se p	Oc t	No v	De c	Ja n	Fe b	M ar	Tot al
		£	£	£	£	£	£	£	£	£	£	£	£	£
Income														
Revenue		18 5, 00 0	16 6, 00 0	18 5, 00 0	14 0, 00 0	14 2, 00 0	14 9, 00 0	15 6, 50 0	16 6, 90 0	17 4, 00 0	14 9, 00 0	15 0, 90 0	15 0, 80 0	1,9 15, 100
Sales alcoholic beverages, soft drinks		8, 90 0	8, 90 0	8, 90 0	8, 90 0	8, 90 0	8, 90 0	8, 90 0	8, 90 0	8, 90 0	8, 90 0	8, 90 0	8, 90 0	106 ,80 0
Interest Received														
Dividends Received														
Income Totals		19 3, 90 0	17 4, 90 0	19 3, 90 0	14 8, 90 0	15 0, 90 0	15 7, 90 0	16 5, 40 0	17 5, 80 0	18 2, 90 0	15 7, 90 0	15 9, 80 0	15 9, 70 0	2,0 21, 900
Expenses														
Home and operational expendes														
Mortgage														
utility bills		2, 00 0	2, 00 0	2, 00 0	2, 00 0	2, 00 0	2, 00 0	2, 00 0	2, 00 0	2, 00 0	2, 00 0	2, 00 0	2, 00 0	24, 000
staff attended at a cost												7, 50 0		7,5 00
Uniforms and house keeping		1, 62 5	1, 62 5	1, 62 5	1, 62 5	1, 62 5	1, 62 5	1, 62 5	1, 62 5	1, 62 5	1, 62 5	1, 62 5	1, 62 5	19, 500
Council Tax														
Home Insurance		50 0	50 0	50 0	50 0	50 0		50 0	50 0	50 0	50 0	50 0	50 0	550 0

Wages		57,500	57,500	57,500	57,500	57,500	57,500	57,500	57,500	57,500	57,500	57,500	57,500	690,000
Over time wages		3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	40,800
Home and operational expenses Totals		65,025	65,025	65,025	65,025	65,025	64,525	65,025	65,025	65,025	65,025	72,525	65,025	787,300
Daily Living														
Groceries														
complimentary in-room beverages		1,350		2,700		2,700		2,700		2,700		2,700	1,350	16,200
Daily Living Totals		1,350		2,700		2,700		2,700		2,700		2,700	1,350	
Transportation														
three vehicles on lease		2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	33,000
Petrol		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Insurance		666.67	666.67	666.67	666.67	666.67	666.67	666.67	666.67	666.67	666.67	666.67	666.67	8,000
Car Valeting		540	540	540	540	540	540	540	540	540	540	540	540	6480
Transportation Totals		4,957	4,957	4,957	4,957	4,957	4,957	4,957	4,957	4,957	4,957	4,957	4,957	59,482
Entertainment														
Cable TV/Broadband														
TV Licence														
Videa/DVD rentals														
Magazine		2,	2,	2,	2,	2,	2,	2,	2,	2,	2,	2,	2,	25,

subscriptions		15 0	15 0	15 0	15 0	15 0	15 0	15 0	15 0	15 0	15 0	15 0	15 0	800
Financial Times and Telegraph newspapers		1, 15 0	1, 15 0	1, 15 0	1, 15 0	1, 15 0	1, 15 0	1, 15 0	1, 15 0	1, 15 0	1, 15 0	1, 15 0	1, 15 0	13, 800
Restaurants														
alcoholic beverages, soft drinks and snack		7, 00 0	7, 00 0	7, 00 0	7, 00 0	7, 00 0	7, 00 0	7, 00 0	7, 00 0	7, 00 0	7, 00 0	7, 00 0	7, 00 0	84, 000
Corporate booking and festive celebration		32, 1 00	32, 1 00	32, 1 00	32, 1 00	32, 1 00	32, 1 00	32, 1 00	32, 1 00	32, 1 00	32, 1 00	32, 1 00	32, 1 00	
Music Downloads														
Books														
Entertainment Totals		42, 4 00	42, 4 00	42, 4 00	42, 4 00	42, 4 00	42, 4 00	42, 4 00	42, 4 00	42, 4 00	42, 4 00	42, 4 00	42, 4 00	
Health														
Insurance														
Health Totals														
Furniture														
wardrobe			3, 50 0			3, 50 0			3, 50 0			3, 50 0		14, 000
Accommodations														
Spending Money														
Furniture Totals			3, 50 0			3, 50 0			3, 50 0			3, 50 0		14, 000
Recreation														
Gym Fees		2, 50 0	2, 50 0	2, 50 0	2, 50 0	2, 50 0	2, 50 0	2, 50 0	2, 50 0	2, 50 0	2, 50 0	2, 50 0	2, 50 0	
Sky Sports and Sky Movie		1, 25 0	1, 25 0	1, 25 0	1, 25 0	1, 25 0	1, 25 0	1, 25 0	1, 25 0	1, 25 0	1, 25 0	1, 25 0	1, 25 0	

Football Club Subs														
license to the Premier League		500	500	500	500	500	500	500	500	500	500	500		
Recreation Totals		4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	3,750	50,500
F&B, the hotel restaurant pays														
Pays		27,800	27,800	27,800	27,800	27,800	27,800	27,800	27,800		27,800	27,800	27,800	305,800
F&B, the hotel restaurant pays Totals		27,800	27,800	27,800	27,800	27,800	27,800	27,800	27,800		27,800	27,800	27,800	
Financial Obligations														
Business rates		3,200	3,200	3,200	3,200	3,200		3,200	3,200	3,200	3,200	3,200	3,200	
Interest paid														
Financial Obligations Totals		3,200	3,200	3,200	3,200	3,200		3,200	3,200	3,200	3,200	3,200	3,200	
		193900	174900	193900	148900	150900	157900	165400	175800	182900	157900	159800	159700	
TOTAL EXPENSES		148,982	151,132	148,982	148,107	151,132	144,432	150,332	151,132	122,532	147,632	161,332	148,482	1,774,209
OPENING BALANCES			44918	23768	44918	793	-232	13432	15068	24668	60532	10268	-1532	
Net Monthly		44	23	44	79	-	13	15	24	60	10	-	11	247

income/expenses		,9 18	,7 68	,9 18	3	23 2	,4 32	,0 68	,6 68	,5 32	,2 68	15 32	,2 18	,81 9
Closing balance		44 ,9 18	23 76 8	44 91 8	79 3	- 23 2	13 43 2	15 06 8	24 66 8	60 53 2	10 26 8	- 15 32	11 21 8	247 ,81 9

Task 2

Analysis of part 1 task.

Part one is about the budget planner (Cash flow forecast) prepared according to the different revenue and cost classifications. At the step of revenue there includes only two sources of revenue. To operate this hotel's services properly and according to their demands, the cost is operated for different sources (2015). This budget plan of The Grand Hotel at 1st includes the home and operational expenses. In the hotel business, there must need a room that room needs to be decorated properly and there also includes different utility expenses. In these types of the cost of the Grand Hotel to operate this hotel operation includes different employees that employees need to pay their wages. The reason for the overtime work, there is also the need to pay overtime wages.

In this hotel business, there don't include such types of daily living costs but this includes the room beverages cost that is needed for each room for maintaining a good quality of the room. Without this, I cannot find other's daily living coast. This budget plan there also includes the different transportation costs (2017). Transportation costs are those costs that are internally assumed by the transportation services. These types of costs may fix or variable. according to the situation, these types of costs are determined. This hotel has three vehicles that took by lease. These vehicles have a cost to operate. To avoids or reduce the risk of this vehicle's accident there also have insurance. To active, this insurance there needs to pay each month an amount of premium. Each vehicle needs fuel and this hotel operates this leasing vehicle there is also estimated each month an amount of petrol cost. This is their main transportation for the Garand hotel.

To provide entertainment and removes boredom this hotel also includes different entertainment facility. To ensure such an entertainment facility there have different costs that include the entertainment cost. The hotel Grand entrainment cost includes such as magazine subscription cost, corporate booking and festival subscription cost, financial times and telegraph newspapers cost. Those types of costs can remove the client's

boredom and provide entertainment. As a result, service satisfaction will increase for each client.

For recreational entertainment, there also include such types of facilities. This facility is also able to remove boredom and able to provide entertainment. The Grand Hotel recreational cost includes such as gym fees, a license for the premium league as well as sky movies and sports fees. There are also other costs such as furniture cost financial obligation. After all, by including all costs and revenue the calculation result finds most of the months give net profit and after the ending year, this hotel business can gain a net amount profit of £ 247,819. This budget planning makes clear that if according to this plan operate these expenses and provide their services the amount of income and expenses will be such level. Finally, through this hotel business, they can able to gain a profit approximately £ 247,819.

a) The importance of budgeting

A budget is a plan according to the estimated income and expenses. For a certain period, the budget shows the amount of income and expenses. The period may be different types such as a week, month year etc. For the reason of budget for a firm pay bull on the proper time, save different irrelevant expenses and the emergency fund also can create easier way. Over a budget play a role in the day-to-day activity and also in the long term (2014). For a different aspect of a firm, the importance of the budget is described below.

Control the spending. For the reason of budget, anyone can easily control their expenses. By creating a budget how much need to actual expenses and which expenses need to avoid such types of understanding assist by the budget. Budget assists to keep an eye close on daily spending habits. As a result, the impact of the expenses can be utilised and the expenses can control easily.

A budget keeps a firm organised. According to the budget, one can able to pay all payments according to the requirement. As a result, any side or employee don't deprive of their payment. For this reason, those employees and staff operate their tasks properly.

Budget assists to keep on track of the financial goal. By following a budget one can operate their firm according to the financial target because in the budget all expenses are allocated by analysing. If one operates their firm according to the budget there has less scope for loss of the firm because according to the budget their costs are expensed according to the goal. As a result, financial goals can be achieved easily.

Budget help to emergencies. To operate a business properly there may face different emergency funds to meet up such types of demand. At the time of preparation of the budget, there are included such situations. As a result, one following the budget at the time of emergency or can be able to create a fund for emergencies. Finally, to operate a business any trouble cannot hamper the proper operation of the firm.

Avoid the loan or debt. Loan or debt is a burden for any firm or person. The budget is prepared according to the capability (2014). So, the cost is determined accordingly. As a result, according to the budget operation, a firm doesn't face usury the crisis of fund. As a result, there need to require any funds. If more money requires by hindering the monthly income a large portion of many can gather. According to after this made more expenses for their business.

Saves money. At the time of the budget preparation examining the irrelevant expenses doesn't allow the expenses to the operation of a firm. As a result, the reasonable cost is expenses and they cost can be minimised. Finally, a firm saves costs and increases profit.

(b) Understanding of incremental budgeting, activity based, value proposition, and zero-based budgeting.

An incremental budget is a budget that is created for the current budget or actual performance as well this is used as the base of a budget by adjusting a certain amount for a certain period. For these types of budget creation, the previous year's budget takes as a base and from the previous year's budget, this is adjusted for the upcoming year's budget. These types of budget creation assist to save time and are also very simple. By maintaining these types of budgets operational stability and consistency can be ensured properly. Large organisations, educational institutions and usually government

institutions have used these types of budgets. This budget also problem such as this discourage the innovation of production and operation of a firm. To make a budget review comprehensive and inventively there has not been scope properly.

By analysing, recording and researching the activity those budgets are created which is called activity-based budgeting (Ibrahim, 2019). Each activity incurs as cost taking as this activity. According to those incus cost activity is the budget for each activity. This type of budget is very helpful for reducing the cost as well as the increase the efficiency of production. This budget also determines the way of cost-friendly production. By marinating these types of budgets, the manager can easily find out the change activity and also find out the lower costing activity. As a result, for this firm, the mistake of their activity can reduce and the cost also reduces.

The name value proposition budget also knows as the priority-based budget. These types of budgets analyse every single item of the expenditure according to the value and actually by this analysing find out where needs to spend for the positive return for a business. The value proposition is simple statement that includes the value of the product or the reason for a product to buy the customers (Dewi, 2021). The value proposition is a promise that is delivered by a firm product or service. By the way of the value proposition budget, a firm can create a strong value proposition that makes clear the reason for buying one product from the others products. By marinating the value proposition a firm may face some problems in that perceived value may differ according to cultural, social and technological factors. Another problem may also face by the value proposition also led to more short-term thinking rather than long-term thinking.

Zero-based budgeting is a method of budgeting in that all costs must be justified and approved according to the new budget time. These types of budgeting techniques were developed by Peter Pyhrr at the time of 1970. He said that for each budget the need and cost determine according to zero bases. By this way of budgeting, the previous budget doesn't take any concern. This technique of budgeting help manager thinks about each money spent for every budgeting time. This technique focuses on justifying all expenses and which area firms are generating the revenue. This technique of budgeting also a flexible budget. This budget is suitable for short term planning and for

long-term planning this is not suitable. For the new form, this type of budgeting is more popular and suitable.

(c) Outlining how budgeting control can support sustainability

Budgeting control means a way of managing income as well as expenditure according to the budget plan. The platform of budgeting control, this makes finds out where need to expenses are and where need not expenses for a firm proper operation (2011). By making a budget and according to this budget a firm may not gain success. Because in the practical operation of the budget the current situation may have different requirements. If according g to the current situation this budget needs to adjust or change. By budget control, this facility can achieve. Without compromising of future ability to meet the need that is called sustainability. By the budget control manager, all expenses are determined or allocated according to the need of the firm and the ability of the firm. In the suitability, there also includes the natural environmental issue. In budget control this also includes. To ensure suitability there ensure different facility budget control able to ensure such facility.

Budget control can clarify one responsibility. According to the clarification, one can able to perform his or her work properly. As a result, the operation of the firm operates smoothly. So, customer satisfaction can properly ensure. As a result, the firm can properly compete in the market and such a firm sustains for a long time in any competitive market.

Budget control is also able to increase the coordination and communication of each department or another. Without coordination, the cost cannot be minimised and minimising the cost budget control enforce this. By minimising the cost, a firm can increase profit. Profit is the compulsory factor for the suitability of a firm.

For the reason of budget control, corrective review and measures can be determined. For this reason, any mistake or misunderstanding possibility is very low (Brown, 2019). As a result, the firm can operate according to this customer's needs and demands. So, the such firm can able to satisfy the customers. Through the process of budget control, a manager can easily utilise or, ensure the target goal and actual performance of there.

By learning these managers can take proper steps for achieving these goals. Budget control is also helpful for determining the weakness of a firm. If a firm's weakness cannot identify this form cannot sustain long-term in any market. After all, to make effective a budget there must ensure proper budget control. The reason for budget control, a firm can achieve its goal. By playing various roles for an organisation budget control is able to the suitability of a firm.

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Personal Budget Planner						
		Apr	May	Jun	Jul	Aug
		£	£	£	£	£
Income						
Revenue		185,000	166,000	185,000	140,000	142,000
Sales alcoholic beverages, soft drinks		8,900	8,900	8,900	8,900	8,900
Interest Received						
Dividends Received						
Income Totals		193,900	174,900	193,900	148,900	150,900
Expenses						
Home and operational expenses						
Mortgage						
utility bills		2,000	2,000	2,000	2,000	2,000
staff attended at a cost						
Uniforms and house keeping		1,625	1,625	1,625	1,625	1,625
Council Tax						
Home Insurance		500	500	500	500	500
Wages		57,500	57,500	57,500	57,500	57,500
Over time wages		3,400	3,400	3,400	3,400	3,400
Home and operational expenses Totals		65,025	65,025	65,025	65,025	65,025
Daily Living						
Groceries						
complimentary in-room beverages		1,350		2,700		2,700
Daily Living Totals		1,350		2,700		2,700
Transportation						
three vehicles on lease		2,750	2,750	2,750	2,750	2,750
Petrol		1,000	1,000	1,000	1,000	1,000
Insurance		666.67	666.67	666.67	666.67	666.67
Car Valeting		540	540	540	540	540
Transportation Totals		4,957	4,957	4,957	4,957	4,957
Entertainment						
Cable TV/Broadband						
TV Licence						
Videa/DVD rentals						
Magazine subscriptions		2,150	2,150	2,150	2,150	2,150
Financial Times and Telegraph newspapers		1,150	1,150	1,150	1,150	1,150
Restaurants						
alcoholic beverages, soft drinks and snack		7,000	7,000	7,000	7,000	7,000
Corporate booking and festive celebration		32,100	32,100	32,100	32,100	32,100
Music Downloads						
Books						
Entertainment Totals		42,400	42,400	42,400	42,400	42,400

Sep £	Oct £	Nov £	Dec £	Jan £	Feb £	Mar £	Total £
149,000	156,500	166,900	174,000	149,000	150,900	150,800	1,915,100
8,900	8,900	8,900	8,900	8,900	8,900	8,900	106,800
157,900	165,400	175,800	182,900	157,900	159,800	159,700	2,021,900
2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
					7,500		7,500
1,625	1,625	1,625	1,625	1,625	1,625	1,625	19,500
	500	500	500	500	500	500	5500
57,500	57,500	57,500	57,500	57,500	57,500	57,500	690,000
3,400	3,400	3,400	3,400	3,400	3,400	3,400	40,800
64,525	65,025	65,025	65,025	65,025	72,525	65,025	787,300
	2,700		2,700		2,700	1,350	16,200
	2,700		2,700		2,700	1,350	
2,750	2,750	2,750	2,750	2,750	2,750	2,750	33,000
1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
666.67	666.67	666.67	666.67	666.67	666.67	666.67	8,000
540	540	540	540	540	540	540	6480
4,957	4,957	4,957	4,957	4,957	4,957	4,957	#REF!
2,150	2,150	2,150	2,150	2,150	2,150	2,150	25,800
1,150	1,150	1,150	1,150	1,150	1,150	1,150	13,800
7,000	7,000	7,000	7,000	7,000	7,000	7,000	84,000
32,100	32,100	32,100	32,100	32,100	32,100	32,100	
42,400	42,400	42,400	42,400	42,400	42,400	42,400	

[illegible]

							14,000
		3,500			3,500		
3,500				3,500			14,000
							50,500
2,500	2,500	2,500	2,500	2,500	2,500	2,500	
1,250	1,250	1,250	1,250	1,250	1,250	1,250	
500	500	500	500	500	500		
4,250	4,250	4,250	4,250	4,250	4,250	3,750	
27,800	27,800	27,800		27,800	27,800	27,800	305,800
27,800	27,800	27,800		27,800	27,800	27,800	
	3,200	3,200	3,200	3,200	3,200	3,200	
	3,200	3,200	3,200	3,200	3,200	3,200	
157900	165400	175800	182900	157900	159800	159700	1,774,209
144,432	150,332	151,132	122,532	147,632	161,332	148,482	
-232	13432	15068	24668	60532	10268	-1532	
13,432	15,068	24,668	60,532	10,268	-1532	11,218	
13432	15068	24668	60532	10268	-1532	11218	