

## ACCOUNTING ORGANIZATION OF ACOMODATION WORK AND OTHER SERVICES IN TOURISM UNITS

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**Abstract:** *The purpose of this paper is to highlight some issues with character feature on Accounting in work accommodation and other services in tourism establishments. On the other hand we tried highlighting the importance that has activity accommodation and tourist facilities services in this category for their work units.*

**Key words:** *accommodation activity, tourism unit, services, accounting operations, documentation accommodation*

### INTRODUCTION

Tourism is an essential component of the public service sector, an industry with great development potential. Tourism development both as a way to spend pleasant and instructive leisure time and as service-providing activities required un the various stages of a trip is one of the characteristics of the current civilisation, with broad development prospects. Tourism and travel industry is the most dynamic sector worldwide and, at the same time, the most important creator of jobs. From the economic point of view, tourism is also one of the main sources of recovery of the national economies of the countries that have important tourism resources and use them appropriately.

The accommodation service, aims to establish the conditions and comfort for the traveller's housing and rest. In modern tourism, it is the product of what is called the hospitality industry, which includes the activities carried out in accommodation spaces, the services provided to the tourist during and in relation to his or her stay in hotels. Accommodation is the main function of hotels, irrespective of their category of comfort, equipment, etc., requiring space, the equipment necessary to provide the tourist's rest and hygiene conditions. The provision of the accommodation service also aims to create the conditions required for the appropriate exercise of social relationships (spaces fit out with the purpose of receiving tourists, for meetings with friends or business partners, for scientific events, etc).

### MATERIALS AND METHOD

Romania's accession to the European Union led to a number of structural economic and social changes. The elimination of travel restrictions in the European area contributed to an increase in the number of foreign tourists who visited Romania. In the period 2005-2010 the arrivals of foreign visitors, according to the data supplied by INSSE (*the Romanian National Statistics Institute*), reached a high level due to the improvement of the provided accommodation conditions and to other services provided, the tourism peak being reached in 2008, as highlighted in Table 1.

Tourism decreases recorded lately can only lead to the need to increase tourism economic efficiency in general by acting on several levers such as the diversification of the offer (the capitalization of the natural tourism resources, the development of competitive tourism products) and the development and modernization of the tourism material resources and the increase in the share of additional services. These courses of action involve investments and therefore costs that must be monitored by an accounting system.

Table 1

Foreign tourist arrivals in Romania (thousand arrivals)						
Period	2005	2006	2007	2008	2009	2010
<b>Total</b>	<b>5839</b>	<b>6037</b>	<b>7722</b>	<b>8862</b>	<b>7575</b>	<b>7498</b>
<b>Europe</b>	5522	5690	7289	8411	7203	7098
<b>From which EU</b>	2868	2803	4811	5566	4799	4456
<b>Africa</b>	12	14	16	18	17	21
<b>America</b>	154	172	189	191	169	171
<b>Asia</b>	142	151	212	224	171	195
<b>Australia and Oceania</b>	8	9	14	16	14	13
<b>Other countries</b>	1	1	2	2	1	-

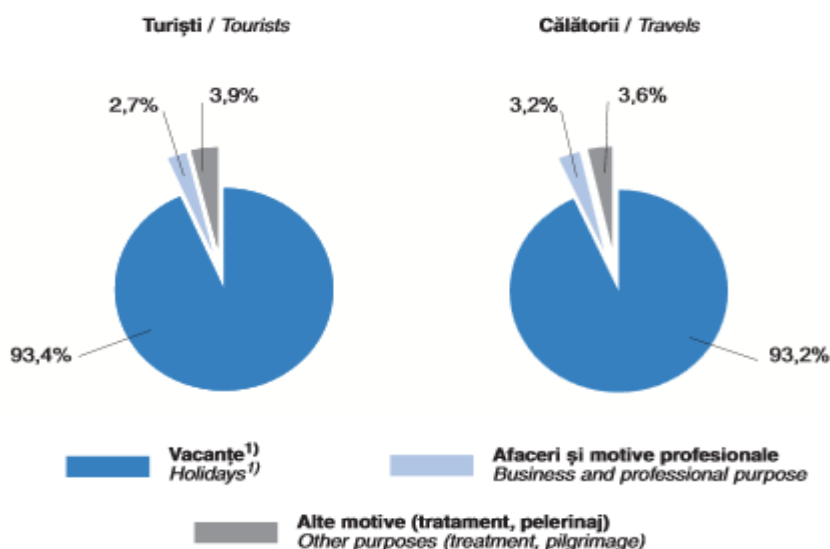
The problem of the infrastructure (here we refer to roads of different categories: county, European roads, highways, etc.) is a much debated one lately taking into account the multiple problems occurred in this respect. In our opinion this area is a priority because as can be seen from the information provided below, tourists arrivals in Romania by means of transport used, are preponderantly made by road transport other transport means (railway, plane, naval).

Table 2

Foreign tourist arrivals in Romania by means of transport used (thousand arrivals)

Period	2005	2006	2007	2008	2009	2010
<b>Total</b>	<b>5839</b>	<b>6037</b>	<b>7722</b>	<b>8862</b>	<b>7575</b>	<b>7498</b>
<b>Road transport</b>	4428	4390	5753	6885	5925	5906
<b>Railway transport</b>	305	316	275	253	208	222
<b>Air</b>	919	1122	1460	1462	1277	1215
<b>Naval transport</b>	187	209	234	262	164	154

In 2010, based on the existent statistical information, the structure of the number of tourists, taking into account the main reason of the trip was as presented in Figure 1.



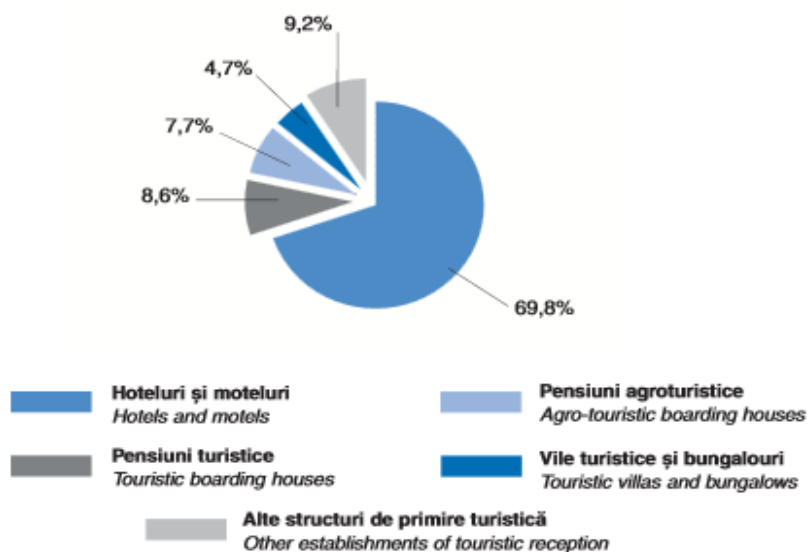
- Source: National Statistics Institute

Fig. 1 – The structure of the number of tourists by main reason of the trip

The tourism accommodation activity includes:

- the accommodation activity in itself (the hospitality business) carried out through various accommodation entities: hotels, motels, inns, villas, lodges, etc.;

In 2010, according to the data supplied by INSSE the structure of the tourism accommodation was as in Figure 2. :



- Source: National Statistics Institute

**Fig. 2 – Structure of the tourism accommodation capacity in operation**

- the activity of providing additional services for tourists: mail services, personal services (hairdressing, hairstyling laundry, rental of items), treatment services, recreational services, etc.

The information services help customers know the travelling offer, the possibility of spending holidays in the most agreeable way. The target of the intermediation services is to fully satisfy tourists' interests. Entrepreneurs in the hotel sector also provide commercial services, and sales of products needed by the tourists, during their stay (newspapers and magazines, postcards and postage, books, cosmetics, souvenirs, food specialties).

## RESULTS AND DISCUSSIONS

As a form of providing services, the accommodation activity has an immaterial nature, its reflection in accounting is actually characterized by the recording, on the one hand, of the accommodation expenses, and on the other hand of the related incomes, the difference between the two of them representing the result of this activity.

Accommodation spaces are booked based on tourists' verbal orders or on the booking order made by travel agencies that are entered in the Order Register. When the tourist checks in, the tourist's identification data are entered in the Book of the Building, "The Diagram of the group" is drafted, in order to distribute accommodation places. This diagram includes the tariffs, the number of days, the amount to be collected, data that are entered afterwards in the "Record of the services provided and the settlements."

For other services provided, the reception is sent Service bills, the data on these bills being entered in the "Record of the services provided and the settlements". Based on

it, the reception issues "The bill" that is used for the payment in cash or by bank transfer. The bills are summarised at the end of the day in "The bill list".

The operative records are summarised with the help of:

a) **The diagram of booked and free places** – the situation of the accommodation places;

b) **The Record of the services provided and the settlements** – the sums due and their collection by types of services;

c) **The management report** – sets the situation of the results and of the collections separately by provided services and collection methods on a daily basis.

The order of the services determines their method of settlement. In the organized tourism, the settlement is made between the contracting entities, while in the non-organised tourism the services are paid in advance by tourists (the equivalent value of the non-provided services is returned).

In the organized tourism, costs and incomes are recorded only by the contracting unit, even if other service providing entities also participate. In the non-organised tourism, costs and incomes are reflected in the accounting records of the entity that organizes and collects the price of the tourism services. The costs borne by the providing entities are not costs of the tourism activity, they are costs of the tourism service provision activity, which are to be recovered from the requesting entity.

The participation of several tourism entities to the completion of a tourism action implies that one of them has the role of organizing entity, while the others are providing entities. Thus the costs and incomes of the tourism activity are recorded only in the accounting records of the organizing entity, and the price of the tourism services is recovered by the providing entity from the organizing entity (travel agencies). The providing entities receive for certain services a fee covering their own expenses and ensuring their profit.

In the international tourism, there are charts about trips abroad, tourist passports, the Trip settlement. The expenses borne with the tourism action include accommodation, meals, accompanying staff, transport, insurance, etc. They are determined based on the tariffs charged for the respective services. Once set, the price of the tourism action is entered in the document entitled "**Price analysis**" (internal insurance expenses, transport, publicity; non-commercial expenses: "pocket money", tickets to shows; commercial expenses: meals, accommodation, transport, etc).

After the collection in advance of the price of the tourism action by the travel agency, the agency gives the tourists the **Collective or individual tourism action confirmation** and prepares the **List of tourists. The List or collections and returns** is prepared afterwards (for each tourism action). The prepared lists are summarised in the collection summary – domestic trip returns, based on which the cash is deposited at the cash office and the receipt is received.

After selling the trips, the travel agent of the organizing company passes orders to service providers mentioning the type of services, the number of tourists, the value per unit and the total value, and the payment method. Then he prepares the action file (delegation accompanying the group, orders and confirmations from the service provider, the reimbursement of expenses) and the accompanying guide who receives it is assigned.

Finally actions are settled, and the accompanying guide fills in the Action file and give sit to the tourism agent. The expense deductions related to the actions are summarised in the Tourism Journal, which is used for the accounting records.

The operations concerning the performance of the rest and treatment actions need that their sale be recoded, establishing the incomes, bearing and deducting expenses, and the obtained result.

The current recording if the specific representative operations concerning the accommodation activity and other services provided is made as follows:

**- From the management reports of the hotel, the sums due by passengers for accommodation with VAT=9% result**

4111	=	%
”Customers”(domestic)		704/1
		“Incomes from provided works and services - hotel”
		4427
		“Collected VAT”

**- Are submitted to the cash office based on the cash reconciliation form for the available cash, and the rest is transferred into the current account based on the payment sheet**

%	=	411
5311		“Customers”
“Cash in RON”		
5121		
“Cash at bank in RON”		

**- Registration of the services provided by third parties**

%	=	401/1
628		“Suppliers”
“Other costs of the services provided by third parties”		
4426		
“Deductible VAT”		

**- Goods are purchased and accepted at the central warehouse at the purchase price**

%	=	401/1
371/1		“Suppliers”
“Goods”		
4426		
“Deductible VAT”		

**- Goods are distributed from the central warehouse to the restaurant and the bar at the purchase price, and a trade mark-up is added by both operative units**

371/2	=	%
“Goods - restaurant”		371/1
or		“Goods”
371/3		378
“Goods - bar”		“Goods price differences”
		4428
		”Undue VAT”

**- Confectionery specific raw materials and consumables are purchased. Their acceptance is made in the confectionery.**

	%	=	401
	301		“Suppliers”
	“Raw materials”		
	302		
	“Consumables”		
	4426		
	“Deductible VAT”		
<b>- Goods are sold for cash through the restaurant and the bar at the public food price</b>			
5311	=	%	
“Cash in RON”		707/2	
		“Incomes from selling goods through the restaurant”	
		707/3	
		“Incomes from selling goods through the bar”	
		4427	
		“Collected VAT”	
<b>- The sale of breakfast vouchers is recorded</b>			
4111	=	%	
”Customers” (domestic)”		704/1	
		Incomes from works performed and provided services - hotel”	
		4427	
		“Collected VAT”	
<b>- Finished products are delivered from the confectionery to the confectionery shop within the hotel complex</b>			
371/4	=	%	
“Goods - confectionery”		701	
		“Incomes from selling finished products”	
		378	
		“Goods price differences”	
		4428	
		”Undue VAT”	
<b>- The payment in cash of the cakes sold though the own confectionery shop at the public food price is recorded</b>			
5311	=	%	
“Cash in RON”		707/4	
		„Incomes from selling goods through the confectionery shop”	
		4427	
		“Collected VAT”	
<b>- The confectionery is discharged from the financial management of the finished products delivered both to the own confectionery shop and to third parties.</b>			
711	=	345	
“Incomes related to the product stock costs”		“Finished products”	

**- The confectionery shop or the bar is discharged from the financial management of the goods sold:**

%	=	371/4
607		“Goods - confectionery”
“Costs of goods”		or
378		371/3
“Goods price differences”		“Goods-bar”
4428		
”Undue VAT”		

In our opinion, in the current conditions the accounting in general, including the accounting of tourism entities must answer three major challenges:

- I. Identifying and assessing the hidden costs of the company;
- II. Reflecting the overall performance of the company: economic and financial, social and environmental.
- III. Adopting an adequate data processing system in order to avoid being flooded with information.

We are briefly presenting below the essence of each of the three problems.

I. The activity of the companies in general, including that of tourism companies, is continuously disturbed by dysfunctions. Companies react to correct these dysfunctions but these correction actions generate certain costs for the company: losses due to the operation at a lower level than the scheduled one, additional salary costs for employees who replace the absent ones, overconsumption of energy, additional external services, scrap, etc. Consequently, hidden costs are the monetary expression of the activities performed for the correction of dysfunctions (Savall and Zardet, 1991).

According to the authors H.Savall and V.Zardet (2008), “a cost is said to be hidden when it does not explicitly appear on the company information system, such as the budget, financial accounting, and cost accounting, or in the usual ledgers and logbooks”.

II. The company can meet the expectations of all stakeholders by obtaining global performance: economic and financial, social and environmental. The accounting of tourism entities must provide solutions by which it should become on the one hand a means of measuring global performance, and on the other hand its management tool.

III. In recent years many applications emerged that help managers process and filter data. L.Șerbănescu and C.Necșulescu (2012) deem that “The old instruments can no longer come up to the new challenges. From a historical point of view, the problem was data finding; now the problem is at the opposite side: how these data can be filtered in order to have a meaning?”. In tourism as in other fields, managers receive a lot of data and information that can sometimes lead to an informational suffocation. The excess of information is as harmful as the lack of information for the decision-making process.

## CONCLUSIONS

Accounting provides tourism entities with the possibility to measure performance. Performance is the purpose that animates any investor in running a business. Performance measurement is necessary in order to know the activity of a company, but it is not sufficient. Performance measurement should be one of the performance management components, and accounting is a genuine tool for this purpose.

In our opinion, the accounting information system of tourism entities must have those IT applications that best meet their own data processing, filtering and analysis needs.

Tourism entities need an adequate cost calculation system. The ignorance of costs is the main cause of the wrong establishment of prices and tariffs. This error may even lead

to the bankruptcy of the entity, either because of managers' belief that the business is profitable, or because the very high level of the set price/tariff drives customers away.

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