UNIFORM SYSTEM OF ACCOUNTS FOR THE LODGING INDUSTRY, 11TH REVISED EDITION: THE NEW GUIDELINES FOR THE LODGING INDUSTRY

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UNIFORM SYSTEM OF ACCOUNTS FOR THE LODGING INDUSTRY, 11TH REVISED EDITION: THE NEW GUIDELINES FOR THE LODGING INDUSTRY

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IMPORTANCE OF THE UNIFORM SYSTEM

Consistency, objectivity, reliability, relevancy; all are commonly used to describe good accounting work and are integral characteristics of the Generally Accepted Accounting Principles (GAAP). As the economy flourished in the United States in the 1920s after World War I, so did the hotel industry, so much so that lodging financial and accounting professionals took the lead to establish a set of guidelines for compiling accounting work known as the Uniform System of Accounts. This uniform system for the hotel industry is very important and most significant for a number of reasons. First, it provides guidance to all. With guidance, it enables comparability among different properties and companies; it is a time-tested, beneficial turnkey system and is easily adaptable by operations of different sizes (Schmidgall, 2014). Most importantly, it is so well received and needed that it serves as a model for other segments of the hospitality industry.

First, the uniform system provides guidance not only for accounting and financial professionals for their daily work but also for managers, owners, business entrepreneurs, and all internal and external users of accounting information. The uniform system is a way for accounting and financial professionals to report the financial activities of a hotel in a common manner within the same industry. With guidance, many errors or less desirable methods of reporting can be eliminated and accounting becomes more transparent to all parties.

With transparency comes comparability. A uniform system, followed properly by the users, becomes the tool with which users can compare the financial results of one property to those of another and one hotel company to another. A hotel owner has two hotels, one on the east coast and one on the west coast, and he or she employs two different sets of accounting professionals to perform the accounting work. If there is not a single set of guidelines, how can the owner know if one or both hotels is/are really making a profit or realizing a lost? With one system, all statements and schedules are compiled in a similar fashion. This provides not only a means to assess comparability for an owner; this information can now be viewed by any potential investors or creditors so they can make educated and prudent decisions.

The Uniform System of Accounts for the Lodging Industry (USALI) is also time-tested. The system will be celebrating its 90th birthday in 2016! Details of the evolution of the system are discussed in a subsequent section; the fact that the system has had 11 successive editorial boards with representatives including owners, operators, management companies, independent accountants, and academia, signifies that the system has been thoroughly reviewed and updated, with the goal of serving the industry.

For most users, the fact that the USALI is a turnkey system is very beneficial. Although

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many hotel properties are owned by international hotel corporations, some are managed by management companies or asset management companies, some are franchised, and still others are owned and operated by individual owners. Many of these owners and operators, especially those of smaller properties, might not have a clear idea of how revenues or expenses should be classified or reported, let alone what these accounts should be called, and whether their hotel is making a profit. With a turnkey system, the USALI provides an expense dictionary detailing how accounts should be labeled and classified; summary operating statements and schedules; and formatting of reports, including but not limited to supplementary departmental operating statements.

More importantly, this is really a one-size-fits-all system. The USALI is written for a full service hotel; if certain schedules do not apply for a smaller hotel, the user will simply not include that particular schedule; and if certain line items do not apply, again, the user will simply delete the line. However, if a larger hotel desires more detail, additional subschedules or subaccounts can be added, as long as these newly added items are rolled into the appropriate line items (Hotel Association of New York City, 2014). Adaptability, therefore, is the key.

Finally, the USALI is so successful that other segments of the hospitality industry have followed suit. The Uniform System of Accounts for Restaurants is in its eighth edition. The Uniform System of Financial Reporting for Clubs is in its seventh edition, and the Uniform System for Financial Reporting for Spas, the youngest in the group, was first introduced in 2005.

EVOLUTION OF THE USALI

The USALI is really the big brother or big sister of all the uniform systems. In the last nine decades, the system has evolved from its birth through ten subsequent editions. The first edition, published in 1926, was known as the Uniform System of Accounts for Hotels, it cost only $5.00 and had 91 pages of information. It had a balance sheet, a statement of profit and loss, and a departmental statement of income. It also offered 23 schedules and subschedules (Schmidgall, 2014). In terms of financial analysis information, the first edition included forms of departmental profit and loss and expense schedules with a limited discussion of ratios. The first few revisions were quite similar in content coverage. When the second edition of the uniform system was issued in 1933, the price was reduced from $5.00 to $2.50. This reduction, no doubt, was due to the difficult economic times as the Great Depression was under way.

One of the big changes in the USALI came in 1961. In that year, the sixth edition was published with 102 pages and a cost of $4.50. This was also the decade of the birth of many motels and motor hotels, and thus, 1961 is also the year the American Hotel and Motel Association appointed the National Association of Hotel Accountants (now Hospitality Financial and Technology Professionals—HFTP) to develop a separate uniform system for motels, motor hotels, and small hotels (Schmidgall, 2014). This new system published four editions until 1987 and finally combined with the regular Uniform System of Accounts for Hotels in 1996 to form the ninth edition with the current name using the phrase "lodging industry" rather than hotels, small hotels, motels, and motor hotels. Thus, the ninth edition contained 238 pages versus the eighth edition at 139 pages. In the last few editions, major changes include the addition of Statement of Cash Flows. The topic of budgeting and forecasting was included in the seventh through the ninth editions but is replaced by a more detailed section of balance sheet statistics and ratios analysis in the last couple of editions. An expense dictionary was introduced in the ninth edition and has expanded in the last two revisions. For the current 11th edition, the system now consists of 353 pages including the availability of all information accessible electronically.

So, who is responsible in the last 90 years for providing such guidance to the industry? The first-edition builders represent three important

groups, with nine individuals forming the proprietor's committee, twelve forming the accountants' committee, and two representing the NY State Society of CPAs and the American Institute of Accountants (Schmidgall & DeFranco, 2015). Fast forward to almost 90 years later, the Financial Management Committee (FMC) of the American Hotel & Lodging Association (AH&LA) is charged with the responsibility of the document when needed. The structure of the committee has also changed over the years, with the membership reflecting the ownership and management of the current lodging industry. The membership of the FMC whose hard work produced the 11th edition is a list of 28 professionals representing the academia, asset managers, brand franchising organizations, benchmark reporting firms, certified public accountants, consultants, hospitality management companies, hotel owners, independent proprietors, and owner-operated hotels.

THE 11TH EDITION – FIVE SECTIONS

The 275 pages of the 10th edition divided the Uniform System into the four sections: Financial Statements, Operating Statements, Ratios and Statistics, and Expense Dictionary; the 353 pages of the 11th edition contain five main parts. The 11th edition, with the majority of users being operators and owners, puts Operating Statements as its first section. This section is followed by the section on Financial Statements. Instead of Ratios and Statistics, the new section is now called Financial Ratios and Operating Metrics. To provide more guidance, the Expense Dictionary has become the Revenue and Expense Guide. Finally, a brand new section of Gross vs. Net Reporting is provided.

At first glance, the operating statements in the 10th and 11th editions might appear quite similar. However, there are a number of major differences. This section is aimed to provide information for internal users. Internal users can be management, employees, and/or owners. Thus, instead of one summary operating statement, the 11th edition offers two summary operating statements, one for the operators and one for the owners. The two are identical until net operating income. In the lodging industry, the term Earnings Before Interest Taxes Depreciation and Amortization (EBITDA) is often used but it is not in the 10th edition. Thus, the 11th edition changes net operating income to EBITDA. And, for the operators' summary operating statement, "Replacement Reserve" is then deducted from EBITDA to arrive at the bottom line of "EBITDA less Replacement Reserve." For the owners, instead of Replacement Reserve, the Interest, Depreciation, Amortization, and Income Taxes are deducted from EBITDA with "Net Income" being their bottom line. The other major changes in this section include an additional schedule called "Information and Telecommunications Systems" and the replacement of the schedule "Rentals and Other Income" by the new name "Miscellaneous Income." The Information and Telecommunications Systems line is shown in the undistributed operating expense (UOE) section of the summary operating statement. It reflects the costs of the hotel's information and telecommunications systems on a line than in a number of departments throughout the hotel as with the 10th revised edition. Any revenues received from hotel guests for telecommunications (telephone calls, faxes, etc.) and related expenses should be reported as "other operated department" on the summary operating statement.

Further, rentals negotiated by the owners of the building, such as for a flower shop, are now shown as nonoperating income near the bottom of the summary operating statements. This change supports the change of the "Rentals and Other Income" line simply to "Miscellaneous Income." Therefore, the new 11th edition is more user friendly and provides new guidance in a number of important areas.

The second section of the 11th edition focuses on Financial Statements. This section aims at external users such as bankers, financial institutions, potential investors, and such. The statements included in this section are the Balance Sheet, Statement of Income, Statement of Comprehensive Income, Statement of Owners' Equity, Statement of Cash Flows, and the

Notes to the Financial Statements, with the Statement of Comprehensive Income being new to this edition to reflect changes in U.S. GAAP. Also new in this section is further guidance for treating operating equipment, where it is stated that the reasonable useful life of linen, china, glassware, silverware and uniforms is typically 12 months or less and hotels are to expense the cost over the period to the departments that benefited from the asset accordingly.

The third section, Ratios and Statistics, also adopted a new name of Financial Ratios and Operating Metrics to reflect the updated information in this section. The 11th revised edition provides more detailed and practical information for the users. For example, labor cost is undeniably the biggest expense line item in the hotel business, especially for limited service hotels where food costs are zero or minimal. Therefore, a recommended labor cost schedule is also included for each department. In addition, sample tables of operating metrics that compare current period to year-to-date are also incorporated for the rooms, food and beverage, health club and spa, and parking departments.

In the fourth section, the old Expense Dictionary has been expanded to become the new Revenue and Expense Guide. Over 100 pages of individual items are classified by item name, account name, and the department or schedule in which they may appear. The guide is sorted first by item and then offers another sort by department/schedule and accounting name, making it easier for users to research an item. One major advantage of the 11th revised edition is that the entire book is now available in electronic form. With the purchase of the book is an access code that can be used to log on to the American Hotel & Lodging Educational Institute (AHLEI) to access this database. Once downloaded, users can sort and search the Revenue and Expense Guide. AHLEI also grants access to the Hospitality Financial and Technology Professionals (HFTP) to include both the 10th and the 11th editions in their Global Hospitality Accounting Common Practices (GHACP) database in view-only format.

The brand new and the last part of the 11th edition can be found in the section called Gross Versus Net Reporting. Although there are only 12 pages in this section, this is probably one of the most useful sections because it shows the treatment of surcharges, service charges, and gratuities. Different management companies or asset management companies may define revenues differently, as do owners. Therefore, it is most sensible for all parties to follow the guidance set forth in the 11th edition so that comparability and consistency can be achieved.

EXTERNAL STATEMENT OF INCOME VERSUS INTERNAL OPERATING STATEMENT

Clearly, the major purpose of USALI is to provide guidance to management with regard to the preparation of the internal operating statement and accompanying schedules. The first 150 pages of the book focus on operating statements, whereas the next 36 pages focus on financial statements for external users. This section discusses the various statements including the balance sheet, the statement of income and so on. Table 1 shows the statement of income for external users. It is relatively brief compared to the operating statement for internal users. It is noted in this section of the book that a format useful for analytical users, such as managers operating the property, asset managers, and others is presented in the section covering the summary operating statement.

By contrast, the Summary Operating Statement (for owners) is shown in Table 2. Considerably more detail is suggested, starting with operating metrics at the top of the statement and six major columns of information including (a) actual, (b) budget, and (c) prior year for both the current period and year-to-date. Further, the dollar figures and percentages for each line item should be provided to the financial statement user using this model. By comparison, only two columns—current year and prior year columns—are shown in Table 1 for the statement of income.

TABLE 1. Statement of Income (External Users)

	Period	
	Current Year	**Prior Year**
Revenue	$	$
Rooms		
Food and Beverage		
Other Operated Departments		
Miscellaneous Income*		
Total Revenue		
Expenses		
Rooms		
Food and Beverage		
Other Operated Departments		
Administrative and General		
Information and Telecommunications System		
Sales and Marketing		
Property Operation and Maintenance		
Utilities		
Management Fees		
NonOperating Expenses		
Interest Expense		
Depreciation and Amortization		
Loss or (Gain) on the Disposition of Assets		
Total Expenses		
Income Before Income Taxes		
Income Taxes		
Current		
Deferred		
Total Income Taxes		
Net Income	$	$

*For the Statement of Income, Miscellaneous Income includes nonoperating income. This differs from Miscellaneous Income on the Summary Operating Statements.

Source: "Part 1: The New Guidelines and Operating Statements for 2015" by Raymond Schmidgall and Agnes DeFranco. *The Bottomline 30*(1), 30–35. Winter 2015.

Further, the summary operating statement (Table 2) provides lines for total undistributed expenses, gross operating profit (GOP), income before nonoperating income and expenses, and EBITDA not provided by the statement of income. On the summary operating statement, the amount of GOP is readily seen, whereas, on the statement of income it needs to be calculated.

SUMMARY OPERATING STATEMENT

The summary operating statement for owners is shown in Table 2. USALI provides a summary operating statement for operators, as well. The difference between these two statements is that though the last few lines on both statements are the same through EBITDA, the statement for operators, not shown in this article, has two additional lines after EBITDA, which are replacement reserve and EBITDA less replacement reserve. A brief discussion of the summary operating statement (Table 2) and the major changes from the 10th revised edition is now provided.

New to the operating statements in the 11th revised edition are the metrics at the top of the statement, which include rooms available, rooms sold, occupancy, ADR, Rooms RevPAR, and Total RevPAR. How each of these is determined is discussed in the financial ratios and operating metrics section of the book. Owners' representatives on the FMC strongly encouraged the placement of this information on the operating statement in order to provide the reader with the major metrics at a glance.

The miscellaneous income line as part of the total operating revenue replaces the rental

TABLE 2. Summary Operating Statement [For Owners][1]

	Period Of					
	Current Period			Year-To-Date		
	Actual	Forecast/ Budget	Prior Year	Actual	Forecast/ Budget	Prior Year
Rooms Available:						
Rooms Sold:						
Occupancy:						
ADR:						
Rooms RevPAR:						
Total RevPAR:						

	Period Of											
	Current Period						Year-To-Date					
	Actual		Forecast/ Budget		Prior Year		Actual		Forecast/ Budget		Prior Year	
	$	%[2]	$	%[2]	$	%[2]	$	%[2]	$	%[2]	$	%[2]
Operating Revenue												
Rooms												
Food and Beverage												
Other Operated Departments												
Miscellaneous Income												
Total Operating Revenue												
Departmental Expenses												
Rooms												
Food and Beverage												
Other Operated Departments												
Total Departmental Expenses												
Total Departmental Profit												
Undistributed Operating Expenses												
Administrative and General												
Information and Telecommunications Systems												
Sales and Marketing												
Property Operation and Maintenance												
Utilities												
Total Undistributed Expenses												
Gross Operating Profit												
Management Fees												
Income Before Non-Operating Income and Expenses												
Non-Operating Income and Expenses												
Income												
Rent												
Property and Other Taxes												
Insurance												
Other												
Total Non-Operating Income and Expenses												
Earnings Before Interest, Taxes, Depreciation, and Amortization												
Interest, Depreciation, and Amortization												
Interest												
Depreciation												
Amortization												
Total Interest, Depreciation, and Amortization												
Income Before Income Taxes												
Income Taxes												
Net Income												

[1] For a complete Statement of Income, refer to Part II.

[2] All revenues and expenses should be shown as a percentage of total operating revenue, except departmental expenses, which should be shown as a percentage of their respective departmental revenue.

Source: "Part 1: The New Guidelines and Operating Statements for 2015" by Raymond Schmidgall and Agnes DeFranco. *The Bottomline 30*(1), 30–35. Winter 2015.

TABLE 3. Rooms – Schedule 1

	Period Of											
	Current Period						Year-To-Date					
	Actual		Forecast/ Budget		Prior Year		Actual		Forecast/ Budget		Prior Year	
	$	%	$	%	$	%	$	%	$	%	$	%
Revenue												
Transient Rooms Revenue												
Retail												
Discount												
Negotiated												
Qualified												
Wholesales												
Total Transient Rooms Revenue												
Group Rooms Revenue												
Corporate												
Association/Convention												
Government												
Tour/Wholesalers												
SMERF												
Total Group Rooms Revenue												
Contract Rooms Revenue												
Other Rooms Revenue												
Less: Allowances												
Total Rooms Revenue												
Expenses												
Labor Costs and Related Expenses												
Salaries, Wages, Service Charges, Contracted Labor and Bonuses												
Salaries and Wages												
Management												
Non-Management												
Complimentary F&B												
Front Office												
Guest Services												
Housekeeping												
Laundry												
Reservations												
Transportation												
Sub-Total: Salaries and Wages												
Service Charge Distribution												
Contracted, Leased and Outsourced Labor Bonuses and Incentives												
Total Salaries, Wages, Service Charges, Contracted Labor and Bonuses												
Payroll-Related Expenses												
Payroll Taxes												
Supplemental Pay												
Employee Benefits												
Total Payroll-Related Expenses												
Total Labor Costs and Related Expenses												
Other Expenses												
Cleaning Supplies												
Cluster Services												
Commissions												
Commissions and Fees – Group												
Complimentary Food and Beverage												

(*continued*)

TABLE 3 – (*Continued*)

	Period Of											
	Current Period						Year-To-Date					
	Actual		Forecast/ Budget		Prior Year		Actual		Forecast/ Budget		Prior Year	
	$	%	$	%	$	%	$	%	$	%	$	%
Complimentary In-Room/Media Entertainment												
Complimentary Services and Gifts												
Contract Services												
Corporate Office Reimbursables												
Decorations												
Dues and Subscriptions												
Entertainment – In-House												
Equipment Rental												
Guest Relocation												
Guest Supplies												
Guest Transportation												
Laundry and Dry Cleaning												
Licenses and Permits												
Linen												
Miscellaneous												
Operating Supplies												
Postage and Overnight Delivery Charges												
Printing and Stationery												
Reservations												
Royalty Fees												
Training												
Travel – Meals and Entertainment												
Travel – Other												
Uniform Costs												
Uniform Laundry												
Total Other Expenses												
Total Expenses												
Departmental Profit												

Source: "Part 1: The New Guidelines and Operating Statements for 2015" by Raymond Schmidgall and Agnes DeFranco. *The Bottomline 30*(1), 30–35. Winter 2015.

and other income line of the 10th revised edition. The supporting schedules for this line item are somewhat different. The miscellaneous income schedule for the 11th revised edition shows net revenue from renting mixed ownership units, package breakage, other breakage, and resort fees not included on the rentals and other income schedule for the 10th revised edition. In addition, descriptions of some schedule line items differ in the 11th revised edition from the 10th revised edition. For example, interest earned from capital reserve accounts and any restricted funds accounts should be reported as nonoperating income and expenses rather than miscellaneous income. Such guidance was not provided in the 10th revised edition. This mention of interest earned is meant only to show that there are changes beyond the simple line items on the operating statement.

The total revenue line on the 10th revised edition has been changed to total operating revenues. Any ratio that historically was measured as a percent of total revenue is no longer compatible with the 11th revised edition ratios, measured as a percent of total operating revenue. This could be significant for any hotel with a large amount of nonoperating income.

The 10th revised edition's operating schedule included four UOE, namely Administrative and General, Sales and Marketing, Property Operations and Maintenance, and Utilities.

With the 11th revised edition, a fifth line, information and telecommunications systems department, has been added as a UOE, as mentioned previously. This department has been created to consolidate all system-related technology expenses. In the 10th revised edition, telecommunications and information were shown in various schedules. For example, two line items on the administrative and general schedule in the 10th revised edition related to this new department were information systems and telecommunications. These now will be shown as a separate department.

The section titled "Fixed Charges" in the 10th revised edition has been changed to "Nonoperating Income and Expenses." This newly titled section also includes new items not addressed in the 10th revised edition. Income generated by ownership that is not managed by the hotel operators is recorded as nonoperating income. Examples of this income include cost recovery income, interest income (mentioned previously) and income generated from antennas and billboards on the hotel building.

Other expenses included in this section but not included in the "Fixed Charges" section of the 10th revised edition are (a) cost recovery expenses, (b) gain/loss on (disposable) fixed assets, (c) owner expenses, and (d) unrealized foreign exchange gains or losses. By placing these revenues and other expenses after gross operating profit on the operating statement, management fees will be impacted less because the incentive portion of management fees is often based on GOP. The thinking of FMC members is that management fees should not be impacted by revenues and expenses that the operators do not control.

Without question, there are many changes to supporting schedules. The rooms schedule is shown in Table 3. Some examples of the changes include the expansion of this revenue section schedule to reflect greater detail and definitions and to align with industry practices. Resort fees have been moved to Miscellaneous Income from the Rooms Department, as mentioned previously. Some other changes include additional information regarding labor costs and related expenses:

- The aggregated salaries and wages of management and nonmanagement personnel are presented on the department schedule.
- Service Charge Distribution is presented as a distinct cost category within Salaries, Wages, Service Charges, Contracted Labor, and Bonuses. It has been moved from Payroll-Related Expenses – Supplemental Pay.
- Contracted, leased, and outsourced labor costs are presented independently.

These detailed changes in labor costs and related expenses are shown in schedules for other departments as well.

GROSS VERSUS NET

The final section of the 11th revised edition is titled "Gross versus Net." This section provides guidance on determining whether to report revenue on a gross or net basis. A hotel must decide if it is the agent or the principal in a transaction. If the hotel is the agent, then the transaction is reported on a net basis whereas a hotel as a principal reports the transaction on a gross basis.

Whether to report a transaction on a gross or net basis depends on the predominance of indicators describing the production, execution, collection risk, and delivery of the revenues. Indicators are shown that provide guidance for the determination of reporting revenues on a gross or net basis.

Indicators of net revenue reporting include the following:

- "Supplies" is the primary obligor, that is, the party responsible for fulfillment.
- The amount the hotel earns is fixed as a set amount or as a percentage of the amount billed to the hotel guest.
- Credit/collection risk is with the supplies, not the hotel.

Indicators of gross revenue reporting include the following:

- The hotel is the primary obligor of the transaction.

- The hotel has the credit/collection risk.
- The hotel determines the nature, type, characteristics, or specifications of the products or services ordered by the hotel guest.
- The hotel has multiple suppliers for a guest-ordered service or product and selects the supplier at the time of the transaction.
- Unmitigated general inventory risk is borne by the hotel.
- Physical loss inventory risk is present.
- The hotel can establish the price of the product or service with the hotel customer.
- The hotel adds meaningful value to the product or provides a significant portion of the services ordered by the hotel guest.

The following laundry and dry cleaning scenarios are provided to illustrate net or gross reporting.

Scenario One: Hotel Laundry

Structure. The Alpha Hotel operates a laundry that provides laundry and dry cleaning services for its hotel guests. All laundry workers are employed by the Alpha Hotel, which owns the equipment and supplies.

Evaluation. The Alpha Hotel is responsible for providing the service to its guests, sets the prices, and assumes collection risk. Therefore, the revenue is reported on a gross basis.

Scenario Two: Outside Contract for Laundry and Dry Cleaning Services

Structure. The Beta Hotel seeks out a laundry firm to provide laundry and dry cleaning services for its hotel guests and contracts with Sohn Cleaners. The hotel collects the clothing from their guests and passes them to Sohn for laundry services and thereafter returns the clothing to the guest's hotel rooms. Sohn charges Beta for the contracted amount for each item of clothing. Beta marks up the cost charged by Sohn by a fixed percentage and so charges their guests the higher amount. Any guest complaints are resolved by the hotel.

Evaluation. The Beta Hotel is the primary obligor, does a moderate degree of service, sets the price charged to their guests and assumes the risk of collection. Therefore, revenue is reported on a gross basis.

Scenario Three: Outside Concessionaire

Structure. Klam Cleaners approaches the Charlie Hotel to provide laundry and dry cleaning service to the hotel's guests. The hotel guests bring clothing items to the front desk with a completed laundry service request form. Klam picks up the clothing items, launders them, and returns them to the hotel's front desk for guest pick-up. Charlie passes the cost of the laundry service received from Klam by their guests without any markup. Charlie pays Klam the amount collected from their guests, less a fixed commission.

Evaluation. Charlie provides only a limited service to their guests and does not mark up the price charged by Klam and receives a fixed commission. Therefore, the revenue to the hotel is recorded on a net basis.

SERVICE CHARGES AND GRATUITIES

The 11th revised edition provides guidance for accounting for both service charges and gratuities. First, gratuities aka "tips" are voluntary contributions by hotel guests for service personnel. The gratuities belong totally to the service personnel and are paid directly to them without any recording on the hotel's books. A service charge is a mandatory amount billed to the guest's account about which the hotel guest has no discretion with regard to the payment, amount, or distribution to employees. Therefore, service charges must be accounted for as revenue and payments to employees are treated as wage expense.

CONCLUSION AND RECOMMENDATION

This article provides a brief description of some of the major changes in the 11th

revised edition of the USALI. Though the external financial statements are briefly discussed, the 11th revised edition, as with prior revised editions, were written to provide detailed financial information for use by management.

The authors were able to cover only some of the major changes and encourage readers interested in more detail to obtain a copy of the 11th revised edition of USALI, published by the American Hotel & Lodging Education Institute.

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