Prepare and Monitor Budgets

D1.HFI.CL8.05
D1.HFA.CL7.07
D2.TRM.CL9.18

Trainee Manual

Specialist centre for foods, tourism & hospitality

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Trainee Manual

Project Base

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Introduction to trainee manual

To the Trainee

Congratulations on joining this course. This Trainee Manual is one part of a ‘toolbox’ which is a resource provided to trainees, trainers and assessors to help you become competent in various areas of your work.

The ‘toolbox’ consists of three elements:

- A Trainee Manual for you to read and study at home or in class
- A Trainer Guide with Power Point slides to help your Trainer explain the content of the training material and provide class activities to help with practice
- An Assessment Manual which provides your Assessor with oral and written questions and other assessment tasks to establish whether or not you have achieved competency.

The first thing you may notice is that this training program and the information you find in the Trainee Manual seems different to the textbooks you have used previously. This is because the method of instruction and examination is different. The method used is called Competency based training (CBT) and Competency based assessment (CBA). CBT and CBA is the training and assessment system chosen by ASEAN (Association of South-East Asian Nations) to train people to work in the tourism and hospitality industry throughout all the ASEAN member states.

What is the CBT and CBA system and why has it been adopted by ASEAN?

CBT is a way of training that concentrates on what a worker can do or is required to do at work. The aim is of the training is to enable trainees to perform tasks and duties at a standard expected by employers. CBT seeks to develop the skills, knowledge and attitudes (or recognise the ones the trainee already possesses) to achieve the required competency standard. ASEAN has adopted the CBT/CBA training system as it is able to produce the type of worker that industry is looking for and this therefore increases trainees chances of obtaining employment.

CBA involves collecting evidence and making a judgement of the extent to which a worker can perform his/her duties at the required competency standard. Where a trainee can already demonstrate a degree of competency, either due to prior training or work experience, a process of ‘Recognition of Prior Learning’ (RPL) is available to trainees to recognise this. Please speak to your trainer about RPL if you think this applies to you.

What is a competency standard?

Competency standards are descriptions of the skills and knowledge required to perform a task or activity at the level of a required standard.

242 competency standards for the tourism and hospitality industries throughout the ASEAN region have been developed to cover all the knowledge, skills and attitudes required to work in the following occupational areas:

- Housekeeping
- Food Production
- Food and Beverage Service

- Front Office
- Travel Agencies
- Tour Operations.

All of these competency standards are available for you to look at. In fact you will find a summary of each one at the beginning of each Trainee Manual under the heading 'Unit Descriptor'. The unit descriptor describes the content of the unit you will be studying in the Trainee Manual and provides a table of contents which are divided up into 'Elements' and 'Performance Criteria". An element is a description of one aspect of what has to be achieved in the workplace. The 'Performance Criteria' below each element details the level of performance that needs to be demonstrated to be declared competent.

There are other components of the competency standard:

- *Unit Title:* statement about what is to be done in the workplace
- *Unit Number:* unique number identifying the particular competency
- *Nominal hours:* number of classroom or practical hours usually needed to complete the competency. We call them 'nominal' hours because they can vary e.g. sometimes it will take an individual less time to complete a unit of competency because he/she has prior knowledge or work experience in that area.

The final heading you will see before you start reading the Trainee Manual is the 'Assessment Matrix'. Competency based assessment requires trainees to be assessed in at least 2 – 3 different ways, one of which must be practical. This section outlines three ways assessment can be carried out and includes work projects, written questions and oral questions. The matrix is designed to show you which performance criteria will be assessed and how they will be assessed. Your trainer and/or assessor may also use other assessment methods including 'Observation Checklist' and 'Third Party Statement'. An observation checklist is a way of recording how you perform at work and a third party statement is a statement by a supervisor or employer about the degree of competence they believe you have achieved. This can be based on observing your workplace performance, inspecting your work or gaining feedback from fellow workers.

Your trainer and/or assessor may use other methods to assess you such as:

- Journals
- Oral presentations
- Role plays
- Log books
- Group projects
- Practical demonstrations.

Remember your trainer is there to help you succeed and become competent. Please feel free to ask him or her for more explanation of what you have just read and of what is expected from you and best wishes for your future studies and future career in tourism and hospitality.

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Unit descriptor

Prepare and Monitor Budgets

This unit deals with the skills and knowledge required to Prepare and Monitor Budgets in a range of settings within the hotel and travel industries workplace context.

Unit Code:

D1.HFI.CL8.05
D1.HFA.CL7.07
D2.TRM.CL9.18

Nominal Hours:

35 hours

Element 1: Prepare budget information

Performance Criteria

1.1 Identify and interpret data and data sources required for budget preparation in a given context correctly

1.2 Review and analyse data

1.3 Obtain senior management or other stakeholder input, where appropriate'

1.4 Provide relevant colleagues with the opportunity to contribute to the budget planning process with adequate notice

Element 2: Prepare budget

Performance Criteria

2.1 Draft budget, based on analysis of all available information and in accordance with enterprise policy

2.2 Estimate income and expenditure and support with valid, reliable and relevant information, including income and expenditure for previous time periods

2.3 Present recommendations clearly, concisely and in an appropriate format

2.4 Circulate the draft budget to relevant colleagues for comment and make necessary adjustments

2.5 Complete the final budget within designated timelines

2.6 Inform colleagues of final budget decisions and ramifications in a timely manner

Element 3: Monitor and review budget

Performance Criteria

3.1 Review budget regularly to assess actual performance against estimated performance and prepare accurate financial reports

3.2 Incorporate all financial commitments promptly and accurately into budget and all budget reports

3.3 Investigate and take appropriate action on significant deviations

3.4 Analyse changes in the internal and external environment during budget review, and make adjustments accordingly

3.5 Collect and record relevant information to assist in future budget preparation

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Assessment matrix

Showing mapping of Performance Criteria against Work Projects, Written Questions and Oral Questions

		Work Projects	Written Questions	Oral Questions
Element 1: Prepare budget information				
1.1	Identify and interpret data and data sources required for budget preparation in a given context correctly	1.1	1, 2, 6, 8, 15	1
1.2	Review and analyse data	1.1	6, 22	2
1.3	Obtain senior management or other stakeholder input, where appropriate'	1.2	3, 4, 5, 6, 13	3
1.4	Provide relevant colleagues with the opportunity to contribute to the budget planning process with adequate notice	1.2	3, 4, 5, 7, 16, 17	4
Element 2: Prepare budget				
2.1	Draft budget, based on analysis of all available information and in accordance with enterprise policy	2.1	10, 11, 12, 14, 21	5
2.2	Estimate income and expenditure and support with valid, reliable and relevant information, including income and expenditure for previous time periods	2.1	12, 21, 22	6
2.3	Present recommendations clearly, concisely and in an appropriate format	2.1	20, 16, 5	7
2.4	Circulate the draft budget to relevant colleagues for comment and make necessary adjustments	2.1	17, 5	8
2.5	Complete the final budget within designated timelines	2.2	10	9
2.6	Inform colleagues of final budget decisions and ramifications in a timely manner	2.1	16, 17, 5	10

		Work Projects	Written Questions	Oral Questions
Element 3: Monitor and review budget				
3.1	Review budget regularly to assess actual performance against estimated performance and prepare accurate financial reports	3.1	23, 24, 25, 26, 27	11
3.2	Incorporate all financial commitments promptly and accurately into budget and all budget reports	3.1	28	12
3.3	Investigate and take appropriate action on significant deviations	3.1	9, 18, 19, 20, 24, 26, 29,	13
3.4	Analyse changes in the internal and external environment during budget review, and make adjustments accordingly	3.1	30	14
3.5	Collect and record relevant information to assist in future budget preparation	3.1	31	15

Glossary

Term	Explanation
Budget	An estimate of income and/or expenditure over a forthcoming period of time
Revenue	Increases in a company's resources from the sale of goods or services
Expense	Costs or outgoings incurred in the normal course of business to generate revenues
Asset	Economic resources that are owned or controlled by an entity
Liability	Amounts owed by the business to creditors, governments, employees and other parties
Sales	Revenue from the sale of goods or services to customers
Income	Revenue from the sale of goods or services to customers. Also used to describe profit
Profit	A measure of the overall performance of a business; equal to revenues minus expenses for the period
Overheads	Ongoing operating expenses
Budgeting period	Period of time that the budget plans for revenue and expenses. This is usually one year
Stakeholders	Person, group or organisation with an interested in or affected by the budget
Activity centres	Segment of a business identified by the nature of the activities the segment conducts
Profit centre	Segment of a business that generates revenue and incurs expenses
Cost centre	Segment of a business that incurs expenses only
Budget committee	Group of people in an organisation that create and maintain budgets and the budget process
Sales budgets	To forecast sales revenue
Labour budgets	To forecast labour expenses

Term	Explanation
Overhead budgets	Concerns other estimated operating expenses
Budgeted Financial Performance Statement	Concerns estimated profit or loss. This brings together several of the above budgets, for sales, material, labour, overheads and inventory
Cash budgets	Concerns the estimated cash inflow, cash outflow and cash position of a business.
Budgeted Statement of Financial Position	Concerns estimated values of assets, liabilities and owner's equity at the end of a budget period.
Variance	Difference between actual and budgeted results
Horizontal analysis	Calculates the differences between each line item on financial reports to identify performance.
Vertical analysis	Each item in the financial statement is calculated as a percentage of sales.
Management by exception	Management investigate variances that are above the tolerance limit.

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Element 1:
Prepare budget information

1.1 Identify and interpret data and data sources required for budget preparation in a given context correctly

Introduction

On completion of this unit, you will have acquired the skills and knowledge enabling you to understand and participate in the budgeting process across the hospitality and tourism industries. However to begin with, it is important to understand why businesses must budget, the types of budgets that can be created and the accounting terms that are often used in developing a budget.

Why budget?

When individuals decide to operate a business it is usually because they have a special interest or specific expertise in the product or service the business is selling. They are expecting that an income and profits can be made. For example, you may have trained as a tour guide and you decide to start a business where you will operate tours instead of working for someone else on the tours they are operating.

Setting up and running a business involves large amounts of money, possibly several hundreds of thousands each year. To produce an income and profit for the owners this money must be managed very carefully. Business failure statistics show that 60% of new businesses do not survive more than five years and 90% do not survive more than ten years.

The accountants who clean up the mess after a business has failed often find out that the main reason for failure is that business managers do not plan for the future or keep a close eye on how their businesses are performing.

In the hospitality and tourism industry, some unique characteristics make this monitoring and planning process even more important. Sales can change a great deal from one season or even one month to another. Busy times are very busy and quiet times are very quiet. This creates a problem for managers because they need to plan when to employee more people, change orders for stock or plan for having more money flowing in and out to cover other expenses.

Managers therefore need to spend time thinking about these seasonal fluctuations as well as considering what it is that the business is expected to achieve in the budgeted period. Talking to other people within the business also helps managers to better understand if goals are reasonable and can be achieved.

Whilst budgeting is a necessary part of the business process, there are certainly some factors that make it difficult. Listed below are some of the factors you should be aware of:

- Budgets take time and not all small business owners have the time. It is believed that time is better spent out with clients conducting tours or selling products!
- Getting good quality information is costly and takes time. Budgets are only as good as the information gathered to compile them
- Budgets are your best forecasts with information you have at the time. It is difficult to know if the real world will follow your forecast. It is therefore easy to be convinced that it is all too hard and not worth the effort.

What is a budget?

One of the tools that assists owners and managers of a business to plan and monitor the flow of money through their business is a good budgeting system. The product of this system is a document called a budget.

Budgets are short-term plans of up to one year. They are expressed in monetary terms and in terms of quantities such as number of customers to be served per day, number of tickets sold or the number of clients on a tour. The plan or budget should help managers monitor the performance of the business.

Plans for the longer term are not usually made into budgets because there are so many unknown factors as the term grows longer that putting precise quantity or monetary values on plans becomes difficult. Long-term plans are usually more about decisions to take on new kinds of business and other such major changes in business direction.

For a small business such as a café, there is usually one budget showing the planned revenue and expenses for the whole operation. Revenue is defined as money flowing into a business such as sales. When money flows out of a business, this is called an expense.

For a larger business such as a hotel, budgets can be compiled a number of different ways. Managers can find it useful to divide the business into segments or activity centres of two types.

One type is called a Profit Centre. It is a part of a business that sells goods or services to customers and incurs expenses. Part of the planning is about how to make it earn a profit. The rooms area of a hotel, the dining room, conference centre, bars and gymnasium could all be Profit Centres.

The other type of segment is called a Cost Centre. These are parts of a business that do not sell anything but incur expenses. Planning focuses on managing expenses. Examples of cost centres are Finance and Marketing departments.

Often budgets are created for each different department such as the restaurant and rooms as well as for the hotel as a whole. Also in a larger business, there are budgets to assist in managing specific expenses such as labour and rent as well as budgets to manage revenues. These are neither department nor activity centre specific so provide an overview of the planned activity for the entire business for the budgeting period.

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Some examples of these budgets are:

- Sales budget
- Labour budget
- Overhead budget
- Cash budget
- Budgeted profit and loss statement.

Where does the budgeting process begin?

The budgeting process usually starts with the sales budget as everything else that happens in a business depends on how much is sold. The quantities and monetary values of sales set a limit on how much should be spent on buying goods, how much should be spent on employing people to make and sell those quantities and values and on most other operating costs such as rent and electricity.

Where is data sourced?

Owners or managers look to information from within and outside the business to begin this process. Internal sources of data are information that originates from inside the organisation and external sources originate from outside the organisation. This distinction is important to understand as internal sources of data are always used as part of the regular budget process. However, managers must seek out external sources of data and then make a decision as to whether that information is relevant for their future plans.

Examples of internal sources of data are:

- From management – new or altered management policies and procedures
- From management - declared commitments to any given areas
- From the accountant - performance data from previous periods
- From the marketing department – will the marketing effort change?
- From the restaurant manager/chef – will the product range or menu change?
- From the front office (derived demand) – will the hotel's occupancy change the demand patterns of the hotel's restaurant?
- From the restaurant manager – any planned special promotions.

However, internal sources of information must also be interpreted with care as the following advantages and disadvantages highlight.

Advantages

- The information is on the premises and accessible under normal circumstances
- Department managers and other colleagues can assist in the collation and interpretation of the information

Disadvantages

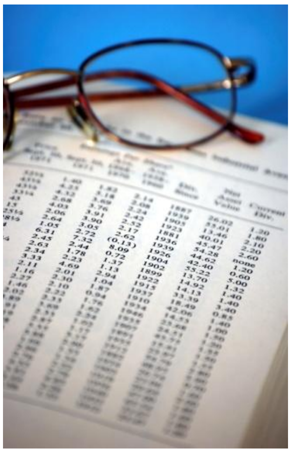
- Data reflects past rather than future activities, which is the focus of the budget.

External data sources must also be used carefully to ensure they are reliable and relevant for the budget that is being prepared. Sometimes owners and managers find the time and cost involved in accessing information far outweighs the benefits to the budget from that data.

Examples of external data sources are:

- Commercially available customer research
- Statistics on economic performance
- Direct observation of competitors
- Conversations with suppliers of goods or services to the business
- Business associations aligned with the ASEAN community.

1.2 Review and analyse data



Once owners and managers have collected internal and external sources of data, the task begins where all sources of data must be reviewed and analysed for applicability, relevance and readiness in the budget preparation process. The quality of the final budget is only as good as the quality of the information that is used to compile that budget. It is therefore important that owners and managers devote appropriate time to this part of the budget process.

To estimate sales for the budget period requires detailed analysis and review. Beginning with sales from previous years, owners and managers must combine the information conveyed by both the internal and external data they have collected. Often owners and managers find themselves answering questions such as:

- Will the product price increase or decrease?
- What, if any, will be the change to the volume of product sold?
- Will the timing of sales change from previous periods?

There are often many conversations between people in the business to help determine what information is relevant and can be applied to sales calculations in this budget period.

Once owners and managers have a sales goal in mind, budgeted expenses can be reviewed and analysed. Sometimes it is simply a matter of recalculating or remodelling accounting figures. This is usually when the expense increases by a set amount such as a rent increase of 10%.

Expenses such as supplies that depend on planned sales activity may require further analysis and review. Managers once again undertake many conversations with people inside the organisation to discuss the external data that influences this expense over the budgeted period.

It is important to understand that this process of analysis and review takes time and may change very often during the budget process. A well-managed budget process can begin weeks or months before the start of the budget period. Internal and external issues may arise which could potentially impact the budget. These occasional and perhaps unforeseen issues must be dealt with before or even after the budget is set.

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Some examples of internal issues are:

- Unexpected organizational and management restructures
- Decrease in the quality of management or employees
- Unexpected human resource requirements
- Change of organisational objectives.

Some examples of external issues are:

- Political and legal events
- Competitors entering or leaving the market
- Growth or decline in economic conditions
- Change in social trends or fashion
- Natural events – weather, bush fires, drought
- Possible cancellation or change of dates of planned special events or unexpected lack of venue availability
- Significant price movements for certain supplies or items.

1.3 Obtain senior management or other stakeholder input, where appropriate'

Introduction

In a smaller business where there is one owner who must develop and use the budget, there is no discussion or input from other people affected by the budget. This also means there are no disagreements about the planned levels of activity.

However, in a larger business, say over 50 people, the process of reviewing and analysing data can lead to disagreements over the best way to set the budget to meet the business' objectives.

To manage potential disagreements, managers attempt to include all stakeholders to discuss and then agree on the budget. The most widely used way to do this is to set up a budget committee.

The budget committee

The budget committee is at least made up of the owners of the business or their representative (Managing Director, Chief Executive), department or activity centre managers and the accountant. During the budget process, the committee meets often to discuss progress and at the end of the process is responsible for distributing the budget throughout the organisation.

Before the budget committee can begin the budget process, the owners of the business must communicate the objectives they hope the business to achieve in the following year. For example, a travel company may wish to expand its tour guide business; a restaurant may open for lunch instead of dinner as a way of increasing sales. The budget committee must attempt to satisfy these objectives.

The budget committee is required to follow approved guidelines set out in the budget manual. These guidelines detail the time the budget process should take, any templates that need to be used and other such information.

Communication and co-operation

Once the budget committee begins, the process of creating budgets it becomes necessary to discuss various aspects of the budget with other colleagues who are involved in making the budget work but not in preparing the budget. This may be to confirm that sales targets are possible. For example, there would be no point introducing a lunch sitting if there were no staff willing to work. Communication is best by direct conversation but may also take the form of e-mails, newsletters, and department meetings. Sometimes stakeholders attend budget committee meetings. It is important to note that this communication is the responsibility of the budget committee through department or activity centre managers.

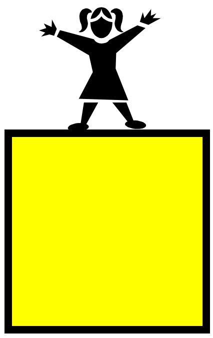
It is very important that department and activity centre managers gain the co-operation of colleagues affected by the budget. The larger the organisation, the more demand each department or activity centre has on the resources of the business. Co-operation is always best when stakeholders are consulted and included in the budget process.

1.4 Provide relevant colleagues with the opportunity to contribute to the budget planning process with adequate notice

Introduction

Although a budget committee may be an effective forum for managing the budget process, it is not the only way businesses prepare a budget. The strategies used by owners and managers can be summarised into two different styles.

Top down approach



This approach to the budget process features owners, managers or even the budget committee creating the budget and informing all stakeholders of the business objectives and the budget that is going to meet those objectives. There is minimal communication with stakeholders during the process. The budget is usually communicated once it has been finalised by the budget committee.

The main advantage of this approach is the timely manner in which the budget can be produced. It is also argued that owners, managers and accountants have the expertise to produce the budget efficiently.

However, lack of communication and input from relevant colleagues compromises the co-operation of these colleagues with the budget.

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Bottom up approach

The bottom up approach is a much more favoured strategy for managing the budget process. At the budget committee level, owners seek the input into budget objectives for the budgeted period. Objections by budget committee members about the objectives or the plan of action to achieve them can be raised. Owners or senior management should listen and either make changes where they can or inform the budget committee members as to what is reasonable and achievable.

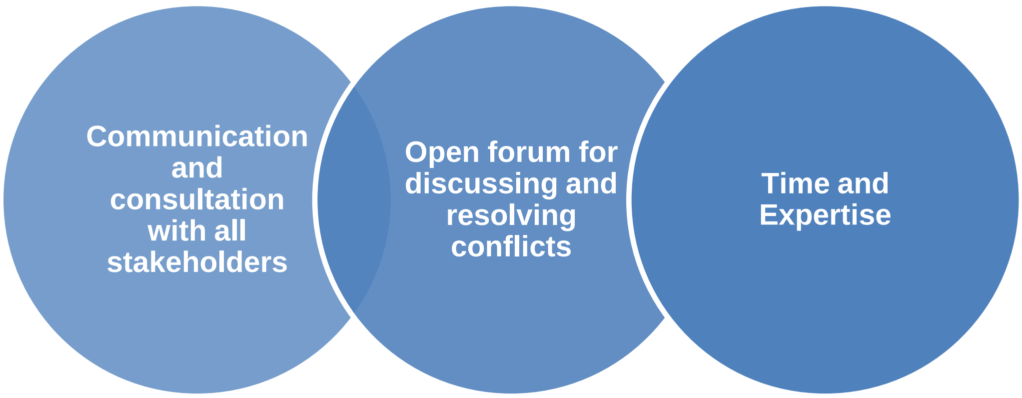
In the same way, communicating and consulting with departmental staff in the review and analysis of data will encourage commitment to the achievement of the budget. For this reason, the goals of the organization become goals of those responsible for the budgeted outcomes. In other words, staff start to take ownership of the budgets

Sometimes disagreements involve disputes over scarce resources like additional money, staffing or floor space. The budget committee forum provides a place for activity centre managers to discuss conflicting departmental demands when resources are tight. Here negotiated outcomes can be discussed, resolved and built into the respective budgets.

The budget committee also allows activity centre managers to contribute further by helping each other to co-ordinate and circulate the information for more accurate outcomes. For example, the accommodation manager may think that he will increase room sales by 10% this year. This would be communicated to the restaurant manager who may also believe that her food and beverage sales will go up by 10%.

Further, the budget committee will rely on notice provided from the budget manual as to timelines and critical dates to help involve budget committee members involve other stakeholders.

Some staff reporting to the activity centre managers may be involved in making the budget work but are not involved in preparing the budgets. They still need to be directed as to the budget requirements and plans to achieve the budget. This may translate into work plans about upselling or how many customers they should serve per shift or sales per staff member to be made or bonuses available for meeting targets.



Work Projects

It is a requirement of this Unit that you complete Work Projects as advised by your Trainer. You must submit documentation, suitable evidence or other relevant proof of completion of the project to your Trainer by the agreed date.

1.1 Budgeting requires owners and managers to plan revenue and expenses for the budgeted period. To help you understand this process, you are required to submit the following:

For the next two to four weeks, record any income you receive. You may work and receive a wage or your parents may give you an allowance.

At the same time, write down every time you spend money and on what. For example, you may buy lunch at school, buy some new clothes or pay rent.

At the end of each week, add up all your expenses and compare with your income.

Total each week to summarise your income and expenses over the whole period.

Referring to this information, write a report of 100-150 words that answers at least but is not limited to the following questions:

1. One of the reasons businesses fail is because their income is less than their expenses. Is this a feature of your budget? What suggestions can you make to change this?
2. Are there any expenses you could manage?
3. Are there any expenses that you did not have in the last 2-4 weeks that you may have in the next 2-4 weeks?
4. Are there any expenses that you had in the last 2-4 weeks that you will not have in the next 2-4 weeks?
5. If you need some advice on better spending or income opportunities, who could you ask?
6. Do you have any weeks where your income is higher than your expenses? What happened to this extra income?
7. Did you have any unexpected expenses or income? How did you manage this?

Please note that this work project provides a basis for Work Project 2.1

1.2. Identify a large organisation such as an international hotel by using online or other research tools available to you. (Trainer's assistance may be required). Answer the following questions based on that organisation:

1. List the departments that you think would exist to run this hotel effectively. Draw an organisational chart using the chart discussed in class as an example.
2. Which departments or activity centres are cost centres and which are profit centres?
3. Who do you think would be involved in developing the budgets in this hotel?

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Summary

Prepare budget information

- Budgets are a tool used by managers to plan for the future and monitor the performance of their business
- The budget provides a useful management tool in the Tourism and Hospitality industries as revenue and expenses are particularly subject to seasonal fluctuations
- Time and cost of creating budgets must be balanced with the benefits derived from budgeting
- Businesses produce different types of budgets depending on their size, structure and purpose for planning revenue and expenses
- Remember that the first budget produced is the sales budget
- Managers gather, review and analyse internal and external information to help prepare budgets
- Communication and co-operation are essential to a successful budget process
- A top down approach to budgeting features minimal stakeholder input
- The Budget committee is an example of a bottom up approach to budgeting, providing a forum for all stakeholders to be included in the budget process.

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Element 2:
Prepare budget

2.1 Draft budget, based on analysis of all available information and in accordance with enterprise policy

Introduction

The first part of the budget process focuses on the clarification of business objectives for the budgeted period, the collection, review and analysis of data sources and the management strategy that the budget committee will adopt to prepare and finalise the budget.

Most of this information is detailed in the enterprise policy. This document is developed to provide guidelines to govern how actions within the organisation are to be carried out. It covers those actions that are repetitive or routine in nature. The budget process is included in this policy document so that the budget committee can effectively and consistently manage the budget process from one year or budgeted period to another.

The next part of the budget process is to create a draft budget. This is the responsibility of the budget committee (or owner of a small business) and begins with reference to the budget manual.

The budget manual

A budget manual is developed by every business, large or small. It refers to the enterprise policy to explain the design of the budget process. It details, usually by timeline, the different deadlines that need to be met so that the final budget is agreed and implemented on time. There are often templates and forms that are used each year for efficiency and consistency across the organisation.

The manual directs managers on how to source relevant data so that this information is collected and analysed each and every budget period. Sometimes these notes direct the committee to external sources of data and sometimes it is a reminder to discuss with other stakeholders. Usually there is some kind of checklist to ensure that at least all relevant internal data has been sourced.

The budget manual also contains notes that the budget committee (or owner) has made from year to year detailing how particular items of the budget were calculated. For example, the cost of supplies involved discussions with purchasing personnel and meetings with suppliers to agree set prices and quantities.

One of the more pertinent pieces of information in the budget manual is the explanation of the methodology the business uses to prepare the budget. This could be incremental budgeting, zero based budgeting, rolling budgeting or flexible budgeting.

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Which budgeting approach to use

Incremental Budgeting

One of the first sources of information that is gathered to draft budgets is actual income and expenditure from the previous budget period. Modifying previous actual figures as the basis of your budget preparation for the coming period is called Incremental Budgeting.

However, incremental Budgeting does not properly review weaknesses that may exist with the current approach. For example, by adding a percentage to an expense such as labour to cover an expected increase does not adequately review the way labour is used and what resources should be properly allocated to staffing.

Zero Based Budgeting

If you wish to ask department and activity centre managers to justify all revenues and expenses for the budgeting period then the zero based budgeting approach is best used. Analysis based on current and future information rather than past performance is used.

Rolling Budgets

As one month finishes another month is added to the budget. Here you update the budget when a period is completed but incorporate recent information for the new budgeted forecast. For example a cash budget for three months for January to March, would become February to April. Rolling budgets are often used by smaller business and are very useful within the hospitality and tourism industry as unexpected events such as natural disasters can significantly affect planned activity.

Flexible Budgeting

Budgets for comparison and control of revenue and expenses provide better information when they are designed for the same level of business activity. If the budget is based on 1000 meals and you only have 600 meals due to local construction works limiting access to the restaurant's premises, then a useful comparison is not possible. What you would have to do is compare flexible budgets' revenues and expenses for 600 meals with the actual results for 600 meals so that you could better analyse the budgeted results. This approach is most suited to the hospitality and tourism industries as a method of comparing actual and budgeted results rather than drafting the budget in the first instance.

A question for the budget committee will be what budget approach the enterprise will use for the current budget period. Should there be a change at all? The budget committee can discuss alternative budgeting approaches and make recommendations. Such recommendations should be clear and concise and could follow a standard report format:

1. Define the problem
2. Gather relevant and supporting information
3. Explore alternative choices
4. Present recommendations as to preferred outcome.

When the budget approach has been decided, the budget committee will take responsibility for the preparation of budgets. Whilst the committee members involved would include the accountant and senior manager, the main drivers of the budget development will be the activity centre managers.

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2.2 Estimate income and expenditure and support with valid, reliable and relevant information, including income and expenditure for previous time periods

Introduction

Customarily the senior manager will articulate the objectives and targets to be achieved before the activity centre managers start to draft their budgets. This allows all budget committee members to understand what outcomes they are working towards and what they are trying to achieve. For example to make a 10% return on funds invested, or to increase sales by 15% for next year or keep labour costs to 28% of sales.

Drafting the budget

Department or activity centre managers must ensure that the objectives and targets set down by the budget committee are understood and that outcomes are clear. The framework for which the draft budget is prepared is ready.

Using the approach agreed by the budget committee, the activity centre managers begin to draft their budgets. Templates and forms from the budget manual are obtained and the process of drafting begins.

Sources of information

Department and activity centre managers collate the internal and external sources of data that have been collected at the initial stages of the budget process. Although this data may have already been analysed and reviewed, it is now up to the managers to decide how relevant, valid and reliable the information actually is.

Completing the draft

If the activity centre is a profit centre, the manager must begin by drafting the sales budget. This will be a pre-determined percentage or number based on targets given by the senior manager. However, the draft budget requires the activity centre manager to provide detail.

For example, if the activity centre manager is compiling the budget for the domestic travel section of a travel company, they will need to review which areas of that business are likely to change in the next budgeting period. If the overall goal is for an increase to sales, what sales will increase? Does the activity centre concentrate on domestic tickets? How many more tickets need to be sold to meet the target? Does the activity centre focus on tours? Is the external data detailing the activities of other tour operators valid? Is it from a reliable source? These are just some of the questions that need to be addressed by the activity centre managers and their teams.

Once the profit centre has estimated income, the manager can turn their attention to the expenses that will be incurred to support that income. For a cost centre, the process begins here. Generally, the starting point is expenses from previous periods. Once again, the manager and team will review all sources of information so that sufficient detail can be included in the draft budget.

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Some of the questions and issues that need to be answered and resolved are as follows:

- Which expenses are relevant to the current budgeting period? What changes should you make?
- Are there any external information detailing changes to those expenses that the business must include? For example, the owner of the business may have negotiated a change to the rent paid for the budgeted period. This expense must change irrespective of any other targets and objectives
- Has management asked the activity centre to reduce costs where applicable? The activity centre manager and their team may need to conduct a detailed review of the business to decide this. For example, a supplier may tell you that they can provide the same product to you at a lower cost than your current supplier can. Is this reliable? Have you checked the quality of the products? Is it a valid offer for the entire budgeting period?
- Are there any new expense items? Do you have reliable estimates for them?

It is quite understandable if this process appears complex and demanding. In reality, managers and their team understand their business well and can effectively evaluate the quality of the data sourced. One of the key advantages to drafting budgets this way is to utilise the knowledge and expertise of activity centre managers and their team.

Now that expenses have also been estimated and entered into the draft budget, the budget is ready to be presented to the budget committee.

2.3 Present recommendations clearly, concisely and in an appropriate format

Introduction

The best forum for reviewing draft budgets is the budget committee. In a large organisation with a number of activity centres there may be competition for scarce resources like additional money, staffing or floor space. The budget committee forum provides an opportunity for all stakeholders to discuss conflicting department demands.

In a smaller business, the owner may discuss the draft budget with their accountant or other financial persons.

Submission to the budget committee

Activity centre or department managers present their draft budget to the budget committee. The draft budget must be in the agreed upon format as detailed by the budget manual. This makes it easier for all parties to analyse, understand and discuss.

It is important that managers thoroughly understand their budgets as there may be very detailed questions from the budget committee. If managers from different activity centres are competing for funds or another resource, the committee may ask for presentations or for submissions in the standard report format as follows:

1. Define the problem
2. Gather relevant and supporting information
3. Explore alternative choices
4. Present recommendations as to preferred outcome.

It is at this time that the opportunity again arises for managers to raise concerns about the budgeted objectives or the plan to achieve them.

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Discussion with the budget committee

Senior management on the budget committee are very busy at this stage of the budgeting process. They must review and evaluate draft budgets, consider all concerns that have been raised and negotiate between departments that may be competing over the same resources.

It is important that all stakeholders are included in this discussion process so that all parties are motivated to agree with the outcomes. If concerns are convincing then the budget or the goals of the organisation may be adjusted. This will also require a change to some draft budgets and not others. If the issues are agreed as invalid or not relevant, then management will need to communicate to activity centre managers the proposition that the budget is reasonable and achievable.

Once the budget committee have agreed the draft budgets, activity centre or department managers are now responsible for communicating these budgets to their team.

It is also at this time that the senior management team begin to prepare and complete master budgets.

2.4 Circulate the draft budget to relevant colleagues for comment and make necessary adjustments

Introduction

A key feature of the bottom up approach to budgeting is the attitude it promotes throughout the organisation. Including staff in each activity centre in the budget process encourages commitment to the achievement of the budget. It indicates to staff that their thoughts and opinions are valued and considered. Assisting with the preparation of the draft budget has been discussed so our focus is on the review of the draft budget before the budget committee approves the final budget.

Consultation

The committee members are responsible for acting as the broadcasters of information to their own activity centres. In each centre, staff members lower in the organisational hierarchy are informed of the budget and its requirements. It is wise to remember that discussion and agreement are preferable to simply giving out the draft budget. Cooperation is fundamental to successfully managing the budget.

Communication

Activity centre managers have a wide range of options available to them to communicate the draft budget. They must balance the need for appropriate consultation with budget deadlines. Some of the communication methods are:

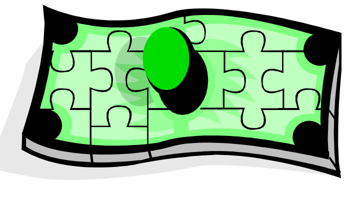
- Staff meetings. Sometimes it is best to conduct meetings with senior staff and then junior staff depending on the size of the organisation. Managers circulate the draft budget prior to the meeting
- E-mails. Managers may choose to circulate the budget electronically and encourage staff to send questions the same way. Issues and questions may be resolved individually or in the staff meeting environment
- Newsletters. If time constraints are restricting the budget process, managers may decide to prepare a newsletter detailing the organisation's objectives and the draft budget that will help to meet those objectives. This is a particularly effective tool for the hospitality industry as access to email can be limited and staff commonly work shifts
- Informal discussions. Activity centre managers must make themselves available to discuss the draft budget in an informal setting.

2.5 Complete the final budget within designated timelines

The budget manual guides the budget committee with timelines and detailed deadlines to ensure that the budget is complete before the budgeted period begins. It is the responsibility of the committee to monitor these timelines.

As part of the budget committee, activity centre managers must finalise their draft budgets by the stated deadline. It must be appreciated that senior management have some work still ahead of them once activity centre budgets are complete. Detailed budgets are summarised into the master budgets that are used to reference the overall planned level of activity for the business. This is just one of the final tasks undertaken.

The final budget



Any issues or problems resulting from the consultation process within each activity centre are brought to the budget committee if it is not possible for the activity centre managers to resolve themselves. At this stage, the process within the budget committee is similar to that of introducing the draft budget to the committee. Issues are discussed and resolved as needed with full and informative reasons communicated.

It is in the interests of the timely production of final budgets that conflicts are resolved promptly.

Once all draft budgets are agreed, the budget committee declares the budgets as final. There is one final review that involves making sure the proper templates, required forms and budgeted timeframes have been addressed.

Senior management collate what are now the final department or activity centre budgets and create master budgets.

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Master budgets

Master budgets summarise and provide a detailed expression of a business plan for the budgeted period and how this plan is to be achieved. The main parts to a Master Budget in hospitality and tourism organisations are:

- Sales budget
- Labour budget
- Purchasing budget
- Cash budget
- Selling and administrative expense budget
- Budgeted profit and loss or income statement
- Budgeted statement of financial position.

The advantage of compiling the master budget is that it enables managers to see at a glance how the different parts of the organisation must work together to achieve the planned activity for the budgeted period.

Sometimes, however, and especially in smaller organisations, the time taken to accurately create the master budget is too great.

2.6 Inform colleagues of final budget decisions and ramifications in a timely manner

A key feature of the budget process is the communication required between all stakeholders. This communication continues as the budget is finalised.

Activity centre or department managers inform colleagues of final budget decisions in their own activity centres. In each centre, all staff members will need to be informed of the final budget and its requirements. This may for example involve employing, dismissing, or altering hours of employment of staff. Other examples include changing suppliers or initiating new promotional campaigns.

Explanations for changes or reasons for calculations may need to be given but activity centre or department staff must appreciate that the time for change has passed. The budget manual usually sets the timeframe within which final budgets must be distributed (usually within one to two weeks).

Smaller organisations must also share final budgets once the team of owner and usually an accountant have finalised the data. Stakeholders must be informed so that they can conduct their daily activities to meet the budgeted outcomes.

The final part of this communication process is for the budget committee to distribute master budgets to activity centre managers. Sometimes there is sensitive information that senior management do not release such as payroll or management bonuses but the master budget for sales and other operating expenses should be available to managers. There is usually no need to share this data with staff in each department. However, the information must be made available on request.

The department managers will need to do further follow up by comparing budget to actual figures to gauge success in meeting targets and take action to amend unfavourable variations. This will involve financial reporting responsibilities to gauge the current period's results compared to budgeted expectations. This process will be discussed next.

Work Projects

It is a requirement of this Unit you complete Work Projects as advised by your Trainer. You must submit documentation, suitable evidence or other relevant proof of completion of the project to your Trainer by the agreed date.

2.1 Using the calculation and written report from Work Project 1.1, create a personal budget for the next two to four weeks. Consider the following:

- Gather any other information you need that you consider relevant to your income and expenditure. For example, you may confirm your work hours with your employer or perhaps check if you have any expenses that are out of the ordinary
- Discuss your plans with others, perhaps family, friends or teachers for their feedback. Remember to think about the reliability and validity of such feedback.

Required:

1. Calculate a draft budget. You must include the actual information from Work Project 1. Ensure calculations are accurate
2. Write a report of approximately 150 – 200 words that details the basis for your calculations. This should include all data that you sourced, whether it formed part of your draft budget or not
3. Comment on the value of the feedback given to you from others. What do you think managers need to consider about similar information?
4. If this were the budget for an activity centre, how would you, as the activity centre manager communicate this budget to your team?

2.2. Write a timeline for a budget process with the following assumptions:

1. The budget process is 8 weeks
2. A budget committee will create the budget
3. It takes activity centre managers one week to complete a draft budget
4. The budget committee takes one week to complete master budgets
5. Take care to include time for consultation, discussions and recommendations
6. Provide explanations where appropriate for your timeline, perhaps as if you are training a new staff member.

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Summary

Prepare budget

- A budget manual provides the guidelines, templates, forms, timelines and other information to assist an organisation with the budget process
- Utilising all available information and with assistance from their team, activity centre managers draft the sales budget first
- Once the sales budget is calculated, expense budgets are drafted
- The budget committee provides the forum for review, discussions, consultation, negotiations and decisions on the draft budget
- Activity centre managers are responsible for broadcasting the draft budget. They are also responsible for ensuring discussions occur within appropriate timelines
- Once the draft budget is finalised, the budget committee begin to compile master budgets.

Element 3:
Monitor and review budget

3.1 Review budget regularly to assess actual performance against estimated performance and prepare accurate financial reports

Introduction

Some business owners see budget preparation as something you do for a week or so, then it is over and you do not need to work on it any more. Budgets contain targets to be achieved, such as sales dollars or wage costs. As events arise from day to day, the budget figures may need to be adjusted here and there to adapt to things that have not turned out exactly as expected. Managers need reports every so often (such as monthly) to let them know whether short-term budget targets are being achieved. These reports will show whether revenues and costs are exactly as planned or how far out the plans were from being achieved. These differences are called 'Variances'. Thinking about them, and what they mean for the business may lead managers to make changes to budgets and targets.

Regular review

Most managers review budgets against actuals at intervals of about 30 days. This is usually seen as a way of keeping in close touch with what is happening in the business and fixing anything that is going wrong before it becomes a really big problem. It could be done once a week or 52 times a year. Some businesses do this, but it obviously takes up a lot more time to prepare the reports and to study them, to look for things that need fixing and decide what to do about them. Therefore, this examination of business performance is always a compromise between doing it very often and never having much time for doing anything else, and doing it at long intervals and finding that problems have developed in the meantime.

Variance analysis

To gauge the success of the business the manager needs to measure the budget outcomes against the actual outcomes at regular intervals. The determination of variances between actual and budget can be expressed in different ways:

- Monetary units
- Percentages
- Units.

The items to which the variation applies will indicate whether it is a positive result (favourable/beneficial) or a negative result (unfavourable/needs investigation). A simple rule for evaluating variances is to think about the effect of the variance on business profit. Will selling more make profit better or worse? Will spending more make profit better or worse?

Evaluations can be summarised into a simple table:

Items	Actual over budget	Actual under budget
Sales and Profit	Improve profit Favourable	Reduce profit Unfavourable
Expenses	Reduce profit Unfavourable	Improve profit Favourable

So in general terms:

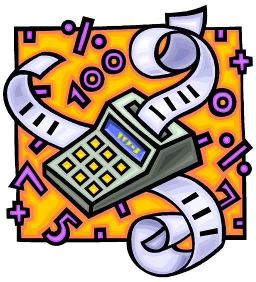
- An increase in actual costs so to be more than budgeted costs is unfavourable
- A decrease in actual costs so to be less than budgeted costs is favourable
- An increase in actual revenue so to be more than budgeted revenue is favourable
- A decrease in actual revenue so to be less than budgeted revenue is unfavourable.

Example:

Line item	Budget	Actual	Variance Amount	Variance % **	Favourable/Unfavourable
Sales	10,000	11,000	1,000	10%	Favourable
Wages	3,000	3,600	600	20%	Unfavourable
Net Profit	500	600	100	20%	Favourable

** - Variance Amount divided by budget $ multiplied by 100

Horizontal analysis



Two main types of variance analysis are performed to measure the difference between budgeted and actual outcomes. Horizontal analysis is where actual and budgeted numbers for each line item in financial reports are compared. These line items show the source of income and on what expenses money is spent.

For each line item, a budget figure is matched with the actual result for the period and a difference or a variance is calculated by subtracting the budgeted number from the actual result. The variance is then divided by the budget figure to give a percentage, showing how far the achieved result is from what was planned.

For example:

Line item	Budget	Actual	Variance	Variance % **	Favourable/Unfavourable
Food Sales	34,500	36,100	1,600	4.6%	Favourable
Food Costs	9,350	9,700	350	3.7%	Unfavourable

** - Note that standard business practice internationally is to show percentages in business reports to one or two decimal places.

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The sales variance is positive so the business sold more than planned. This increased profit so you can record a Favourable variance.

Actual spending on food was more than planned. This reduced the business profit so an unfavourable variance is recorded.

A full report on variances can show whether there are any serious problems between actual and budgeted results and where any problems are located. The methods used by businesses to deal with these problems is discussed further on in this manual

Vertical analysis

The other type of variance analysis is called vertical analysis. The sales budget is the first budget to be prepared in the budget process. Owners and managers often budget expenses as a percentage of sales. So these percentages can also be used to compare budget and actual results.

Vertical analysis calculates each line item in the budget as a percentage of budget sales and in a separate calculation, actual performance reports are used to compute the percentage of each line to actual sales for the period.

For example:

Line item	Budget	Variance %	Actual	Variance %
Sales	34,500	100%	36,100	100%
Food Costs	9,350	27.1%	9,700	26.9%
Wages	3,000	8.7%	3,600	9.97%

When the budget was prepared, managers estimated that 27.1% of every sale would be spent on food costs and 8.7% on wages, however, actual results show that only 26.9% of sales was used to pay for food costs but 9.97% of sales contributed to wages. One of the key roles of vertical analysis is to help managers to determine how well costs are being controlled.

Accurate calculations

Management rely on the calculations that compare actual and budget figures whether it is through horizontal or vertical analysis. The results of these calculations can prompt managers to take action and alter planned activity levels. It is important firstly that calculations such as subtraction or multiplication are performed accurately. However, it is mainly about making sure that good information goes into the calculations, for example, that your idea of how much busier Friday is compared to Tuesday is realistic or that your idea of what percentage of sales might be spent on buying food is achievable.

3.2 Incorporate all financial commitments promptly and accurately into budget and all budget reports

What is a financial commitment, and why does it matter whether it is included in documents?

At any one time, businesses will probably have loans to repay and commitments to paying ongoing rents for leased equipment or a leased building. There may be a commitment to paying for renovations of a building over some months or to paying for equipment or furniture over several months instead of paying in full on the day it is delivered.

This means that sales or revenue must also cover these commitments as well as operating expenses. If these commitments are not included in the budget papers, managers will be tempted to spend excess sales even though they are already promised to someone else.

3.3 Investigate and take appropriate action on significant deviations

Introduction

Identifying deviations or variances is about calculating differences between the budget and the actual results for the budget period. Variances may be large or small in both monetary and percentage terms. Some may be so small they should not be seen as a problem and others require investigation.

Management by exception

Organisations have policies that managers can follow detailing the size of the variance that is acceptable and variances that should be investigated further. This is called a tolerance limit. Tolerance limits are generally expressed as percentages.

Management by exception is an approach whereby only variances that are above the tolerance limit are investigated. Therefore, if there are 50 cost items and only three of them show variances above the tolerance limit, only those three are investigated by managers.

Some organisations create a checklist, which managers can use as a guide to assist with the decision to investigate variances and to guide them as to the management of such variances.

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An extract of a checklist follows:

Question	Response
Are financial performance reports prepared accurately?	☐
How frequently are financial reports prepared?	☐
Are costs expressed as a percentage of sales?	☐
Are you able to compare data with previous periods?	☐
Can you track trends or patterns over a period of time?	☐
Are revenue increases from price change or sales volume increase?	☐
Is the food cost % acceptable?	☐
Is the labour cost % acceptable?	☐
Are average sales acceptable?	☐
Is profit acceptable?	☐
Are there any new financial commitments?	☐

Management of deviations

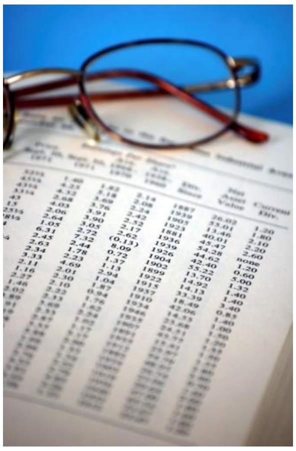
A variance may indicate a problem with sales or in managing costs. It may indicate that the budget team just got it wrong, perhaps misreading the market or failing to anticipate cost increases. Managers must decide how to solve any problems above the tolerance limits that are exposed by the variance report.

Budget managers have two possible approaches to solving such problems:

- If there are changes in the internal or external business environment that are not controllable by the organisation then managers must adjust the budget to reflect the new environment. For example if the price of supplies increases due to a natural disaster, the budget changes to reflect this
- If the variance is within the control of the business, managers must identify the possible causes of the variance and take action to manage the deviations.

The following examples are provided as areas to investigate to rectify certain types of variances:

- Variances in wages cost may prompt managers to review:
  - Mix of casual and full time staff
  - Specific training to assist staff perform tasks more efficiently
  - Multi-skilling. This is where staff perform duties across a number of different departments or areas of the business. For example, a tour guide processes tickets when they are not conducting tours
  - Staff morale or motivation. Lack of harmony and teamwork among staff and lack of commitment to the organization by staff could be an issue
- Possible causes and remedies for problems with sales revenue:
  - Was the sales forecast in the budget too optimistic?
  - Poor controls around sales. Are all items being charged to customers and at the correct value and quantity or are items being carelessly or deliberately omitted from or under-charged to customers' accounts?
  - Have competitors entered the market and you have lost sales?
  - Has there been a bad review in the media?
  - Are there unfavourable reviews spreading among existing and potential customers?
  - Has a marketing campaign been ineffective?
  - Are the product or product mix and the image stale and out of favour? Conduct a review and some market research to provide products and an ambience that customers prefer. The business has not changed to meet evolving consumer trends.



It is important to note that these are just two examples of variances that management may need to investigate. Management must act upon any significant deviations as soon as possible so that control over revenue and expenses is maintained.

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3.4 Analyse changes in the internal and external environment during budget review, and make adjustments accordingly

Introduction

As significant deviations or variances are investigated, managers must also be aware that even small variances, favourable or unfavourable may indicate a changing pattern or new trend. The cause of these trends may result from changes either inside (internal) or outside (external) to the organisation. Understanding this will enable revising and re-forecasting of current budget projections with more confidence.

Examples of changes to the internal environment may be due to:

- Successful innovative upselling. This will result in further expectation of higher sales
- Loss of key personnel (irreplaceable award winning chef and headwaiter). This will result in an expectation of declining sales.

Examples of changes to the external environment may be due to:

- Deteriorating sales expected due to an economic recession
- Competitor leaves the market - less competition. Sales are expected to increase
- Changing laws
- Fashion/taste changes (a style of cuisine no longer fashionable). Sales can be expected to decline
- Problems due to natural disasters. Sales expected to decline and costs rise.

3.5 Collect and record relevant information to assist in future budget preparation

Lastly, there should also be within the organisation a culture of constant improvement in the budgetary process. Information generated on the sources of data collected, any working papers plus notes on analysis of deviations and approaches made to remedy these, should be kept for the next budgetary preparation period. Some of this information would feed back into the Budget Manual in anticipation of improving the next budget preparation cycle.

Work Projects

It is a requirement of this Unit that you complete Work Projects as advised by your Trainer. You must submit documentation, suitable evidence or other relevant proof of completion of the project to your Trainer by the agreed date.

3.1 Below is a simple financial report detailing the actual and budgeted results.

Line item	Budget	Actual
Revenue	25,000	24,650
Wages	5,000	6,200
Delivery expenses	1,500	1,600
Advertising	500	650
Sundry expenses	700	550

1. Calculate horizontal and vertical variances. Take percentages to two decimals
2. Which item has the greatest unfavourable monetary variance?
3. Which item has the greatest unfavourable percentage variance?
4. What areas would you investigate for improvement if your tolerance limit was 22%?
5. Suggest actions you may take on significant variances?
6. On investigation, you discovered a new financial commitment for advertising to the value of 80. What action do you need to take? How would you communicate this change? Does the value of the variance change?
7. What relevant information would you collect and record to assist with future budget preparation?

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Summary

Monitor and review budget

- The periodic review of actual performance against budget is necessary for managers to monitor how their business is performing
- A variance or difference between actual outcomes and budget is considered in terms of its effect on profit. A difference that positively effects profit is favourable and one that reduces profit is unfavourable
- Horizontal variances compare each item of revenue and expense and how far away actual results are from the budget
- Vertical analysis indicates how well managers are controlling costs by comparing where sales dollars have come from and where they have been spent
- Variances requiring action are those that are controllable and above tolerance limits
- Managers may modify business practices, recalculate budgeted numbers or adjust budget targets depending on the cause of variances
- Care must be taken to also look for trends or patterns in all variances in case there are adjustments that need to be made
- The budget manual is updated as required as part of the budget process to record any changes and new information that will improve the budget process in the future.

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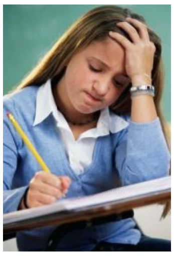
Presentation of written work

1. Introduction

It is important for students to present carefully prepared written work. Written presentation in industry must be professional in appearance and accurate in content. If students develop good writing skills whilst studying, they are able to easily transfer those skills to the workplace.

2. Style



Students should write in a style that is simple and concise. Short sentences and paragraphs are easier to read and understand. It helps to write a plan and at least one draft of the written work so that the final product will be well organised. The points presented will then follow a logical sequence and be relevant. Students should frequently refer to the question asked, to keep 'on track'. Teachers recognise and are critical of work that does not answer the question, or is 'padded' with irrelevant material. In summary, remember to:

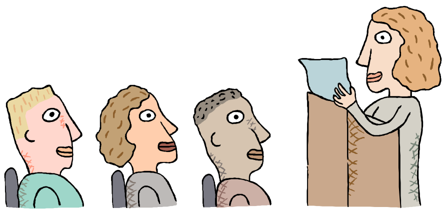
- Plan ahead
- Be clear and concise
- Answer the question
- Proofread the final draft.

3. Presenting Written Work

Types of written work

Students may be asked to write:

- Short and long reports
- Essays
- Records of interviews
- Questionnaires
- Business letters
- Resumes.



Format

All written work should be presented on A4 paper, single-sided with a left-hand margin. If work is word-processed, one-and-a-half or double spacing should be used. Handwritten work must be legible and should also be well spaced to allow for ease of reading. New paragraphs should not be indented but should be separated by a space. Pages must be numbered. If headings are also to be numbered, students should use a logical and sequential system of numbering.

Cover Sheet

All written work should be submitted with a cover sheet stapled to the front that contains:

- The student's name and student number
- The name of the class/unit
- The due date of the work
- The title of the work
- The teacher's name
- A signed declaration that the work does not involve plagiarism.

Keeping a Copy

Students must keep a copy of the written work in case it is lost. This rarely happens but it can be disastrous if a copy has not been kept.

Inclusive language

This means language that includes every section of the population. For instance, if a student were to write 'A nurse is responsible for the patients in her care at all times' it would be implying that all nurses are female and would be excluding male nurses.

Examples of appropriate language are shown on the right:

Mankind	*Humankind*
Barman/maid	*Bar attendant*
Host/hostess	*Host*
Waiter/waitress	*Waiter or waiting staff*

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Recommended reading

Manage Finances within a Budget, William Angliss Institute of TAFE – 2003

Prepare and Monitor Budgets, William Angliss Institute of TAFE – 2003

Horwath et al, *Hotel Accounting*, Wiley and Sons, New York 1978

Roberts, S, and Howard, J, *Introductory Accounting; A CBT Approach,* McGraw-Hill Book Company Australia, Sydney, 1996

Atkinson, H, Berry A., and Jarvis, R, *Business Accounting for Hospitality and Tourism,* International Thomson Publishing Inc., London, 1995

Gonzales, P, Collings, S, Brooks, A, *Accounting for Yourself; Individuals and Clubs*, Macmillan Education Australia, Melbourne, 1990

Trainee evaluation sheet

Prepare and Monitor Budgets

The following statements are about the competency you have just completed.

Please tick the appropriate box	Agree	Don't Know	Do Not Agree	Does Not Apply
There was too much in this competency to cover without rushing.	☐	☐	☐	☐
Most of the competency seemed relevant to me.	☐	☐	☐	☐
The competency was at the right level for me.	☐	☐	☐	☐
I got enough help from my trainer.	☐	☐	☐	☐
The amount of activities was sufficient.	☐	☐	☐	☐
The competency allowed me to use my own initiative.	☐	☐	☐	☐
My training was well organised.	☐	☐	☐	☐
My trainer had time to answer my questions.	☐	☐	☐	☐
I understood how I was going to be assessed.	☐	☐	☐	☐
I was given enough time to practice.	☐	☐	☐	☐
My trainer feedback was useful.	☐	☐	☐	☐
Enough equipment was available and it worked well.	☐	☐	☐	☐
The activities were too hard for me.	☐	☐	☐	☐

The best things about this unit were:

The worst things about this unit were:

The things you should change in this unit are:

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