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A RESEARCH ON THE ACCOMPLISHED DEVELOPMENT LEVEL OF THE MANAGERIAL ACCOUNTING IN THE CROATIAN HOTEL INDUSTRY

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Review

The goal of this paper is to present the achieved development level of managerial accounting in the Croatian hotel industry. The research was conducted on sample of 42% of all Croatian hotels. This sample also presents regional structure, organisation status, size, ownership structure and organisation form. The fact that the predominant methods are traditional cost allocation-methods shows us that accounting is still oriented to the external users. In most cases, the results from the previous periods are used as the comparative value in the control of actual costs. The research has shown that financial statements are prepared on monthly basis for top management. It is absolutely necessary to put additional effort into improving the cost allocation methods and techniques, through implementing modern systems and methods of management accounting. Only in such circumstances the accounting information could be presented to lower levels of management on weekly or daily basis. Managerial accounting is the framework for development of responsibility accounting, which is based on specifics of hospitality industry and accounting standards of the "Uniform System of Accounts for the Lodging Industry" (USALI). Reporting systems should be adjusted to the information required by each level of management (especially in area of current and particular reports). The conducted research indicates the necessity for intense implementing of the USALI on the level of responsibility centres. This would ensure the transparency of the managing information and possibility of their comparison. The individual goals should be in accordance with global goal, and the results comparable with similar hotel enterprises in the environment. This would eventually improve the overall competition of a particular hotel enterprise on the global tourist market.

Key words: Responsibility Accounting, Accounting Reports, International Accounting Standards, Segment Reporting, Responsibility Centres, Uniform System of Accounts, Hotel Industry, Hotel Standards.

INTRODUCTION

We would like to present the research of the achieved development level of the managerial accounting in the Croatian hotel industry. It was conducted at the end of the year 2000, and was aimed at the scientific contribution in the following:

- The estimate of the criteria for the establishment of the system of internal managerial accounting reporting;

- The selection of the management accounting systems, favourable to the preparation of timely, high quality information relevant for business decision making;
- Shaping the model of organization for managerial accounting in hotel industry, based on specific features of the hotel industry and the directions of the international accounting standard 14;
- To introduce into a management accounting the principles of the responsibility accounting, which has an important application quality as it enables the assessment of efficiency in particular responsibility segments;
- To submit the model of the hotel management reporting system, based on the standards of the *Uniform System of Accounts for the Lodging Industry (USALI)* that ensures provides comparability of business results, within a particular industrial branch, on the national and the international level.

1. HOSPITALITY INDUSTRY MANAGERIAL ACCOUNTING

The mutual dependency and conditioning between the managerial accounting and management in the hospitality industry enterprises is marked in the process of decision making in the current business. It is manifested in the system of the feedback, based on the mutual dependency of budgeting, bookkeeping, auditing and accounting analysis. The resultants are external and internal accounting statements. Responsibility accounting is the most important segment of the management accounting in particular needs to be singled out as an important system and methodological prerequisite for the preparation of the relevant information about specific costs, revenues and results.

An attempt to assess the particularities of the content of the managerial accounting in the Croatian hotel industry, in order to define the structure and dynamics of reporting includes asking the following opened questions:

- What is the role of the managerial accounting in the management information system within a given hotel enterprise;
- What is, or should be the role of the managerial accounting information in the motivation of the development of the Croatian hotel industry;
- Which are the directions for the further development of the managerial accounting that have to be followed by the qualitative re-organisation and development of the hospitality industry;
- What is the position of the "certified managerial accountant" in the hospitality industry;
- What is or should be the role of the modern management accounting

systems in the preparation of the information relevant for the business decision making;

- To what extent are the specific features of particular segments taken into consideration while forming the responsibility accounting;
- To what extent is the application of the international accounting standards and the hotel standards present in the reporting system;
- How to implemented the processes of continual quality improvement, business improvement and the realisation of goals set by the Total Quality Management (TQM) congruent to the ISO 9000ff standards;
- Can the Croatian hospitality industry reporting system be a part of reporting system in the world wide hotel industry;
- What are the real expectations regarding the implementation of the accomplishments of managerial accounting in the practice of Croatian hospitality industry enterprises.

The position of “a managerial accountant” should be redesigned from a traditional task to a modern goal oriented person. The importance of the personnel component of a managerial accountant within a managerial information system, as a highly qualified, creative and very demanding profession becomes a crucial element in the market oriented enterprise.

A managerial accountant who applies the decentralised form of managing helps the management with the right choice of accounting policies, provides prognostic information, works on establishing the standards and standard costs, creates slandered yet rational and effective management accounting system and reports thus exercising an overall effect on fulfilling the TQM requirements.

Introducing the *USALI* challenges all levels of management, especially the top management with the task of reviewing the requirements of their own enterprise in the light of the opportunities offered by the *USALI*, and instigates organisational, technological (information technology) and personnel adaptation.

On the other hand a managerial accountant is faced with the demand to implement this method meaningfully in given circumstances, taking into consideration all the specific features of the industry. It is also such a way to take position of managerial accounting, as an integral component of the management information system, where one data input would provide its manifold use. With this purpose an internal chart of accounts, should be elaborated accounting policies to regulate the internal management accounting system, and form, term and users of internal accounting reports.

2. ACCOUNTING REPORTING SYSTEM BASED ON "USALI" STANDARDS

The standardised accounting reporting method is based on the results of internal organisations and operations system, and is applied on the world hotel industries standards of *USALI*¹ method. This system expects the uniformity of acquiring, collecting, sorting, evidencing, balancing, preparation and presentation of the accounting and statistic information in strictly formalized statements that enable the comparison of a company's own results with the closer and further environment, and the assessment of the situation regarding the competition and the average results of the industry branch on the national level and at the level of the world hotel industry.

In order to accomplish this it is prerequisite to establish substantially, at the already mentioned points within the hotel enterprise, an internal chart of accounts supported by information technology, to acquire relevant accounting policies, to enable sorting and separate allocating of the fixed and variable costs. Preliminary accounting calculations have to be established on the same methodological basis as management accounting systems, in order to provide the efficacious measurements of the segment efficacy through realised deviations compared to the budgeted revenues, costs and result.

Segment reporting is fundamental for the management accounting, while its organisation and content should be organized in such a way to help the financial statements users to understand better the efficacy of previous periods, to make a better assessment of risk and possibilities of the enterprise and a more realistic assessment of the firm as a whole.

A hotel being an investment centre, the operated departments like rooms, food, beverage and other services as profit centres, their subordinate revenue and cost centres, relevant cost pools, these are all responsibility centres that present an unavoidable information basis in the organisation, informative, accounting and information aspect. On these standpoints it is possible to define the flow of goods, money and information, and optimise the input, content and output of data and information in the management accounting.

The above-mentioned issues indicate the necessity for applying the *USALI* as the standard of design of reporting system in hospitality industry. The central issue, in applying this system, which is prerequisite to a uniform mode of comparison in the world hotel industry, is processing data in such a way to prepare consistent

¹ "Uniform System of Accounts for the Lodging Industry" (*USALI*), 9th revised edition, 1996, "American Hotel & Motel Association". It is used in all countries members on the global market of the world hotel industry, and contains standard classification, organisation and presentation of all data expressed in figures in the reports for the hotel managers on the level of responsibility and activity centers. The first edition was issued in 1926 under the title "Uniform System of Accounts for Hotels" by the "Hotel Association of New York City". In the accounting theory it was noted as the first successfully organized attempt to establish a uniform responsibility accounting in hotel industry, as well as the first such attempt in any industrial branch.

Departmental Statements (internal statements by segments, cost centres and activities), which are later adequately summed up and presented within the frame of the Summary Statement of Income. This provides a basis to the preparation of other yearly Statements that have to be coordinated with the valid regulations of the country and these are: Balance Sheet, Statement of Owner's Equity, Statement of Cash Flows and Notes to the Financial Statements, to anticipate the possibility of preparing the Statement for Properties Operated by a Management Company and the Statement for Limited Service Properties.²

However it should be stressed that the essence of reporting following the *USALI* is based on segment reporting, cost centres, processes and activities, due to which, there are 32 suggested schedules³, that offer the opportunity of preparing particular statements adapted to the size, ownership and specific features of each enterprise. They are listed in the Summary Statement of Income (figure 2)⁴.

The fundamental principle of the responsibility accounting, as a subsystem of managerial accounting is that costs are assigned to various hierarchical levels of management which are in charge of their control to make the managers responsible for the difference between the budgeted and realised results⁵. These are the starting points that inspire the philosophy of the *USALI*.

This gives an opportunity to a responsible manager, based on the accounting policies, to establish the criteria and to direct the mode of the cost control. In this case the distribution on controllable and uncontrollable costs is viewed from the starting point of the hierarchical level for which the statement has been prepared, taking into consideration the principle of economy and disregarding the insignificant items.

It is imperative for such allocation of expenses to be cause related to revenues. Therefore each of the statements within the *USALI* is conceived to provide the responsible manager with the information about the relation of the actual expenses to the revenues inside and among particular segments. A responsible manager has an insight into the expenses/revenues that are within his competence. Only the management of the highest hierarchy level of responsibility is held responsible for total expenses/revenues.

The first level of the internal result is the difference between revenues of those segments cost, that operated their activities directly on the external market (process functions such as: rooms, food, beverage, sport, health ...) and expenses of the same operated departments (variable costs depending on the assortment of output and the percentage of occupancy), presented as the profit from operated departments or contribution margin. Even the manager of the lowest hierarchy level can affect these revenues and expenses. The variable costs at this level are controllable operation

² "Uniform System", American Hotel & Motel Association, New York, 1996, p 1-30; 151;187-198; 229-238.

³ Section 6 : Departmental Statements; Section 7 : Statement for Gaming Operations; chapters from the book "Uniform System of Accounts for the Lodging Industry", American Hotel & Motel Association, New York 1996, pg 31-150.

⁴ "Uniform System of Accounts for the Lodging Industry", American Hotel & Motel Association, New York, 1996, pg.33

⁵ Garrison, R.H., Noreen, E.W.:Managerial Accounting, IRWIN, Chicago...,8th ed., 1997, pg. 389

expenses that are deducted from the revenue to establish the gross operating income. This points to the fundamental relation of the *USALI* with the variable costing system.

Figure 1. Cost Allocating and Levels of Result

Revenues from the Realised Department Performance	XXXX
(-) Direct Department Performance Costs	XXXX
(=) Contribution Margin (Profit from Operated Departments)	XXXX
(-) Controllable Department Overheads	XXXX
(=) Gross Operating Profit(GOP)	XXX
(-) Uncontrollable Department Overheads	XX
(=) Net Operating Income	XX

If we deduce from the first level profit the part of fixed costs that can be immediately calculated into the particular business operation, we can establish gross operating profit - GOP. In particular these are the expenses that are impossible to relate immediately to the output unit, but are possible to relate to the department, its property and its operations, so they are included in the category of controllable overheads (e.g. administrative and general department costs, department advertising and marketing, heating, illumination, maintenance...) The department manager is responsible for these costs, and co-responsible for the decisions made by his subordinated managers who have to be co-ordinated by him in order to harmonise particular operations within the department, with the final aim of contributing to the realisation of the particular and overall goals of the enterprise.

The manager can't significantly influence the third level of results, namely, the net operating profit. The uncontrollable overheads of the department are compensated on this level, and this includes rent, property taxes and insurance, interest expense, depreciation, and amortisation. The head manager or the owner controls this category of costs, because it is the result of his decisions, and it is an important category that presents income tax basis.

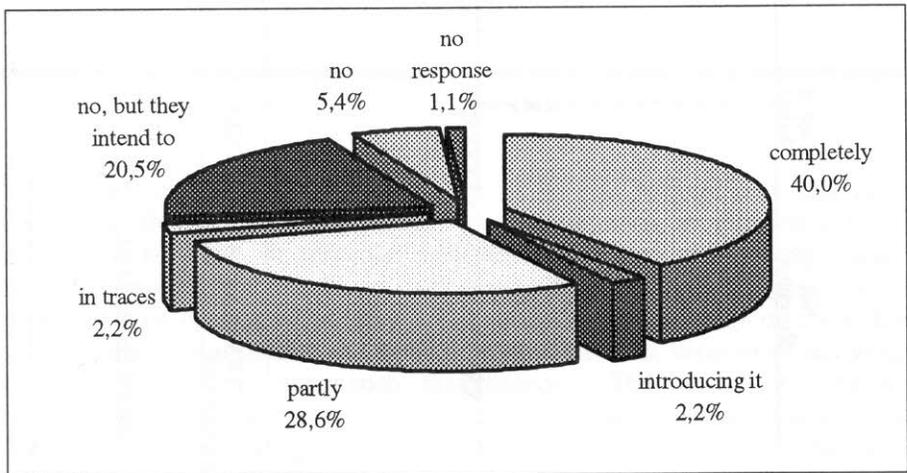
Figure 2. Summary Statement of Income

Schedule:	Operated Departments:	Net Revenues:	Cost of Sales:	Payroll and Related Expenses:	Other Expenses:	Income (Loss)
1	Rooms	X	X	X	X	X
2	Food	X	X	X	X	X
3	Beverage	X	X	X	X	X
4	Telecommunications	X	X	X	X	X
5	Garage and Parking	X	X	X	X	X
6	Golf Course	X	X	X	X	X
7	Golf Pro Shop	X	X	X	X	X
8	Guest Laundry	X	X	X	X	X
9	Health Centre	X	X	X	X	X
10	Swimming Pool	X	X	X	X	X
11	Tennis	X	X	X	X	X
12	Tennis Pro Shop	X	X	X	X	X
13	Other Operated Departments	X	X	X	X	X
14	Rentals and Other Income	X	X	X	X	X
15	Total Operated Departments:	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
16	Administrative and General					
17	Human Resources			X	X	X
18	Information System			X	X	X
19	Security			X	X	X
19.a	Marketing			X	X	X
20	Franchise Fees			X	X	X
21	Transportation			X	X	X
22	Property Operation and Maintenance			X	X	X
	Utility Costs			X	X	X
	Total Undistributed Operating Expenses:	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
	TOTALS:	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
23	Income After Undistributed Operating Expenses					
24	Management Fees					
25	Rent, Property Taxes and Insurance					
	Interest Expense					
26	Income Before Depreciation, Amortization and Income Taxes					
	Depreciation and Amortization					
	Gain or Loss on Sale of Property					
27	Income Before Income Taxes					
	Income Taxes					
	Net Income					

3. MANAGERIAL ACCOUNTING IN THE CROATIAN HOTEL INDUSTRY

To determine the level of introduction of the *USALI* in the practice of the Croatian hotel industry and to estimate the accomplished development rate of the managerial accounting in the Croatian hotel industry an extensive research was conducted on the representative sample of 42% of hotels⁶, with the aim to assess the condition and indicate the possibility of advancement in management accounting and the manner of reporting adapted to the specific features of the hotel industry and the standards of the *USALI*.

Figure 3. The Attitude of Hotels Regarding the Application of the *USALI*



The system of standardised statements used for reporting on internal operations results that has been used in the world hotel industry since 1926, has been significantly represented in Croatian hotel industry as well. Within the explored sample, 40,0% of hotels use the *USALI* completely, 28,6% partly, 4,4% are introducing it or using it in traces, 20,5% intend to introduce it, and the remainder 6,5% consider this system unnecessary.

⁶ The total number of hotels in 2000 in Croatia was 446 (Statistical statement Tourism no.4.4.1./8 from 31.08.2000.)

Table 1. The Structure and Features of the Investigated Sample

	Description	% Examinee	% Hotels
I. Sample Regional Structure			
1	Istra	20,0	33,5
2	Kvarner	37,5	39,5
3	Dalmacija	30,0	24,3
4	Zagreb and Continental Croatia	12,5	2,7
II. Sample Structure by Organisational Structures			
5	Stock Companies	85,0	95,7
6	Limited Companies	10,0	3,2
7	Institutions	5,0	1,1
III. Sample Structure by Size			
8	Large	37,5	69,7
9	Medium	50,0	24,9
10	Small	7,5	1,6
11	No Response	5,0	3,8
IV. Sample Structure by Ownership			
12	Completely Privatised	22,5	15,7
13	Mostly Privatised	40,0	44,3
14	Mostly State Ownership	32,5	38,9
15	Completely State Ownership	5,0	1,1
V. Sample Structure by the Form of Organisation			
16	Centralised, Single Unit	40,0	26,0
17	Holding	7,5	9,2
18	Responsibility Centres	22,5	41,6
19	Economic Units	25,0	18,9
20	Other	5,0	4,3

This proves the thesis that enterprises in hotel industry are open to the world market with which they want to be compared by standardised criteria. Therefore we

indicate the features of the investigated sample⁷ and other particularities that influence the quality and usability of accounting information. The greater part of the selected sample are hotels that are usually organised as responsibility centres or economy units within large enterprises that have the status of stock corporations, mostly privatised, still retaining a significant share of state ownership. The sample comprises 32% of the total number of employees in the hotel industry. It is interesting to point out that the sample includes enterprises that have just started developing the system of internal reporting (8%), with shorter (to 5 years 32%) or longer experience in this area (to 10 years 20%), or those that have followed this practice for more than 10 years (30%).

The response to the asked questions was provided by the head manager of the firm (50%) or the managerial accountant i.e. the executive in chief of the accounting and finances department. Reporting the management about the results of management accounting is usually assigned to the managerial, or management accounting (55%), in smaller proportion to the financial accounting (31%), in some cases to the department for planning and analysis, controlling or some other segment of management information system. The extent and quality of these operations is illustrated by the fact that the management accounting and reporting engages two to four persons (in 49% cases).

Table 2. Management accounting Systems and Cost Allocation Methods

Cost method:	%	Costing methods	%	Cost allocations method	%
• Official Costs	100	• Absorption Costing	94	• Full Actual Costing	70
• Segments Costs	75	• Variable Costing	8	• Variable Costs	22
• Variable Costs	38	• Standard Variable Costs	5	• Full Planned Costs	2
• Cost Driver	25	• Planned Costing	2	• Other	5
• Quality Costs	5	• Standard Costing	2		
• Activities	2	• Target Costs	2		
• Other	5				

⁷ The sample comprises hotels belonging to the following hotel business systems: Hoteli Njivice d.d. Njivice, Imperial d.d. – "Imperial" concern Rab, Hoteli Makarska d.d. Makarska, Plava laguna d.d. Poreč, Sunčani Hvar d.d. Hvar, Golden Tulip Holiday d.d. Zagreb, Hotel Bonavia d.d. Rijeka, Hotels Argentina d.d. Dubrovnik, Hotels Maestral d.d. Dubrovnik, Cresanka d.d. Cres, The Jadran Hotels d.d. Rijeka, Mozart d.d. Opatija, Hotel Excelsior d.d. Dubrovnik, Jadranka d.d. Mali Lošinj, Auto Centar Zubak d.o.o.- the Cristal Hotel branch Umag, UGO Hotels do.o. – Hotel Millenium Opatija, Anita d.d. Vrsar, the Daruvar Spa, Daruvar, Jadran d.d. Crikvenica, Arenaturist d.d. Pula, Hotel Lapad d.d. dubrovnik, Hotels Novi d.d. Novi Vinodolski, Hotels Punat d.d. Punat, the Varaždin Spa Medical rehabilitation Clinic, Kinning d.o.o. Krk, Slavonka d.d. Našice, The Bizovac Spa d.d. Bizovac, Jadran-turist Rovinj d.d. Rovinj, Rabac d.d. Rabac, Turisthotel d.d. Zadar, Riviera holding d.d. Poreč, Borik d.d. Zadar, Rovinj-turist d.d. Rovinj, Hotels Brela d.d. Brela, Hotels Baška d.d. Baška, HTP Korčula d.d. Korčula, Hotel Lero d.d. Dubrovnik, the Liburnia Riviera Hotels d.d. Opatija, Zlatni Rat d.d. Bol.

As the quality of information is influenced by the elected management accounting systems and cost allocation methods, we investigated the manner of cost allocating within the chosen system and method, and the application of calculating procedures (table 2). The table indicates that in most cases the traditional management accounting methods are used in the Croatian hotel industry i.e. traditional costing methods, and that the accounting is still mostly oriented to external users. The realised figures in previous periods are mostly used as the comparative value in the control of actual costs (table 3). The management gets monthly reports (88%), in just a few cases daily, weekly or quarterly.

Table 3. Planning and Control in Management accounting

Comparative Value in the Control of Actual Costs	%	Variance Analysis	%
• Data from Prior Period	83	• Monthly	88
• Standard Costs	25	• Yearly	50
• Data from Environment	20	• Quarterly	43
• Budgeted Data	6	• Daily	43
		• Weekly	28

The kind and the users of accounting information contained in the accounting statements are presented in the table 4, where it can be noticed that they are delivered to managers of various hierarchical levels, that they are usually elaborated to the cost centre (40%), that one statement is used manifold – usually monthly statements (68%) that have the character of continual statements, oriented chiefly to the higher level of management (66%)

Table 4. Types and Users of Accounting Information

The Level of Manager Accountancy Reporting:	%	The Intensity of the Accounting Statements Exploitation	%	Users of Accounting Information:	%
• Company as an Entity	23	• Completely / Permanently	50/55	• Higher Management Level	66
• Responsibility Centres	23	• Partially / Occasionally	35/10	• Middle Management Level	25
• Cost Centre	40	• Daily / Weekly	23/20	• Lower Management Level	9
• Operations	3	• Monthly	68		
• Performance Groups	13	• Quarterly/ Semi-annual	30/18		
		• Little, Very Little or None	2		

All the above mentioned indicates that the management accounting is present in the Croatian hotel industry supported by certain tradition, but mostly based on the principles of the traditional cost allocation methods. The presented results lead to the conclusion that the managerial accountancy of the Croatian hotel industry is at such level of development where the management accounting is based on the methodology of external reporting. In order to transform it to a higher level of development and make it an integral part of management information system, it is necessary to put additional effort into the improvement of methods and techniques of allocation the costs, based on modern cost allocation systems and methods⁸, with the stress on the control of overheads which can be especially obtained by the *Activity Based Costing* method.

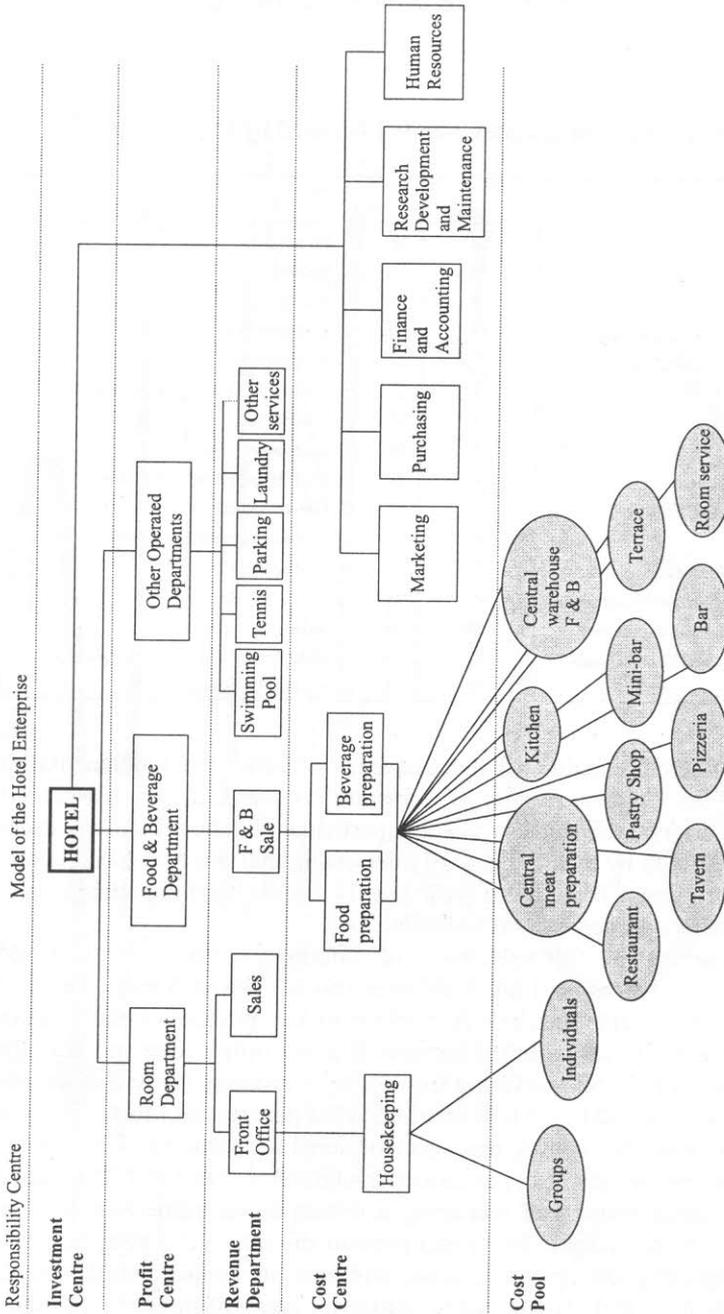
4. RESPONSIBILITY ACCOUNTING AND DECENTRALISATION OF DECISION MAKING

Following the theoretical notions and supported by the results of an extensive empirical research of the Croatian hotel industry practice, an optimal model of managerial accounting is established for the hotel enterprise. A system of accounting reports to the management based on organisation segments and for shorter periods of time is formed. The model of a profit centre is based on the principles of organisational construction, the flow of goods and information within the rooms departments, and the system of reporting is based on the variable costing and systematic variance analysis of the realised compared to the budgeted entries for shorter periods. At this point the estimate of the cost structure and the interpretation of the actual variations are approached analytically, relating the value expression of the actual variation with non-accounting data of the hotel statistics.

The area of preparing food is seen as a cost centre, underlining that this is the only area of production process in the hotel industry, so that it is characterised by certain particularities regarding the managing of costs. The area of rationalisation in the process of handling the basic provisions is particularly highlighted because of possible saving. In relation to this we point out the possibilities that are offered by the variable costing in the estimate of the influence of the rationalisation measures to the realisation of a higher rate of the contribution margin and therefore better financial success of the food and beverage department as a revenue centre, with special stress on the variance analysis in all points and modes of sale. Within complex hotel enterprise, a hotel stands as an investment centre, framed by the organisational scheme presented in the figure 4., that is prerequisite for the establishment of the responsibility accounting.

⁸ For more information: Peršić, M.: Managing quality costs in the system of Activity Based Costing, Proceedings "Accounting, Auditing and Finances in Modern Economical Conditions", HZRFD, Zagreb-Pula, 1999, pg. 147; Ilić, S.- Peršić, M.: Contribution of the Activity Based Costing to the internal control and auditing in a firm, Proceedings "Internal Auditing and Control", HZRFD, Zagreb-Opatija, 1999, pg.49-70

Figure 4. Responsibility Centres like Prerequisite for the Establishment of the Responsibility Accounting



Source: Turčić, M.: The System of Accountancy Reporting of the Hotel Management, *ibid*, pg. 57

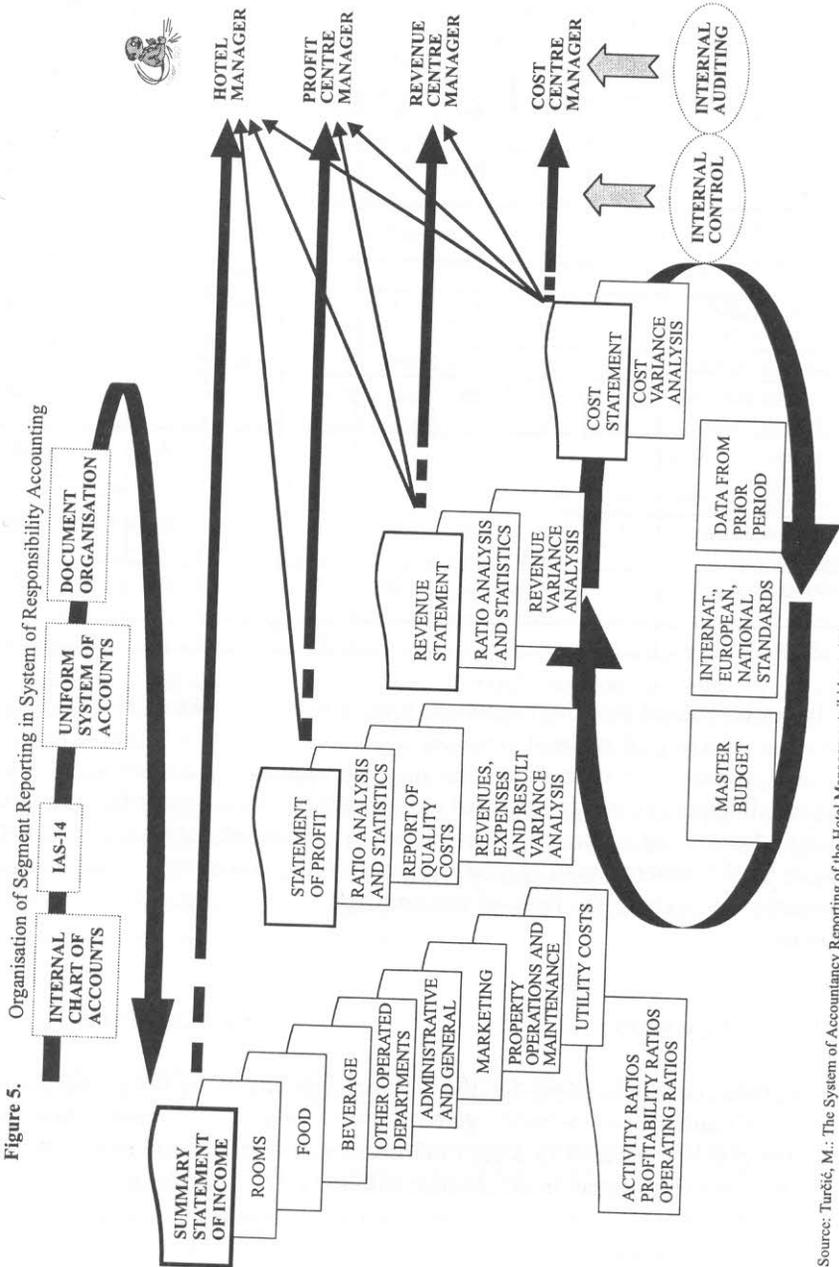
The organisation of responsibility accounting and the system of management reporting in hotel enterprises should be based on the branch particularities and the accomplished development level of the managerial accounting, respecting the *USALI* standards, that are understood as preconditions to the exchange of the information with the environment.

Table 5. The Frequency of the Statements Proposed by the *USALI*

No .	Statement:	Pos. exam.resp	No.	Statement:	Pos. exam. resp
1.	Rooms	30	17.	Information System	5
2.	Food	30	18.	Security	3
3.	Beverages	29	19.	Marketing	15
4.	Telecommunications	13	19a.	Franchise Fees	0
5.	Garage and Parking	5	20.	Transportation	6
6.	Golf – Course	0	21.	Property Operation and Maintenance	11
7.	Golf Pro Shop	0	22.	Utility Costs	18
8.	Guest Laundry	6	23.	Management Fee	5
9.	Health Centre	4	24.	Rent, Property Tax and Insurance	14
10.	Swimming Pool	7	25.	Interest Expense	13
11.	Tennis	6	26.	Depreciation and Amortisation	16
12.	Tennis Pro Shop	1	27.	Income Taxes	10
13.	Other Operated Departments	8	28.	House Laundry	7
14.	Rentals and Other Income	20	29.	Salaries and Wages	20
15.	Administrative and General	15	30.	Payroll taxes and Employee Benefits	10
16.	Human Resources	20	31.	Gaming Operations	1

We therefore estimated the frequency of using the fundamental statements proposed by the *Uniform System of Accounts for the Lodging Industries* (table 5), based on the original demands to compose particular statements and the users need for information offered by them. It is easily detectable that the first place is taken by the reports: for the rooms department (schedule 1), for the food department (schedule 2), and for the beverages department (schedule 3).

According to the usefulness of information they are followed by the statements about rentals and other incomes (no.14), about human resources (no.16) and salaries and wages (no.29). According to the interest of the examinees it is additionally useful to compose the statements about utility costs (no.22), depreciation and amortisation (no.26), marketing (no.19), rent, property tax and insurance (no 24), interest expenses (no.25), and telecommunication department (no.4). According to the sample examinees, the realistic management needs for particular kinds of information are estimated by the use of opportunities contained within the *USALI* standards. To increase the successfulness of managing a dynamic, stochastic and open enterprises such as those in the hotel industry and tourism the manager has to be provided with recurring reporting on revenues, costs and margin results, which enable him to eliminate doubts and risks, using modern accomplishments in the area of organisation, informatics and accounting, in the way shown through the figure 5.



Source: Turčić, M.: The System of Accountancy Reporting of the Hotel Management, *ibid.*, pg. 159.

Table 6. The Frequency of Managerial Information Demands

No.	Segment Reporting	Information Importance by the Users Assessment								
		Rooms Department			Food and Beverages Department			Other Tourist Services Departments		
		Daily	Weekly	Monthly	Daily	Weekly	Monthly	Daily	Weekly	Monthly
1	The Kind Revenues	28	9	16	28	10	14	24	9	17
2	The Criterium of Payment	18	6	15	21	11	12	17	9	15
3	Realised/Planned Revenues	4	3	29	4	2	28	4	2	30
4	Services Cost Structure	5	4	30	4	6	27	2	9	22
5	Direct Materials Costs	-	-	-	10	9	21	5	9	24
6	Overheads	-	-	-	-	4	28	1	5	26
7	Realised/Planned Costs	-	3	30	1	3	28	1	2	30
8	% Realised Margin	-	-	-	5	9	23	3	5	25
9	Margin Contribution by Services Groups	-	3	20	3	3	24	2	1	23
10	Segments Management Accounting	2	3	29	1	6	29	2	4	27
11	Realised /Planned Result	1	3	25	3	3	29	2	1	29
12	Realised /Planned Price	-	-	-	7	6	21	3	2	23
13	Variance Analysis	-	-	-	9	10	16	5	8	16

It can be noticed that the examinees believe it is necessary to establish daily reports on the structure of realised revenues according to the kinds and criteria of payment, and at the same time think that monthly statements are sufficient when talking about all kinds of costs and realised margin results. This is the reflection of the accomplished level of development of management accounting, although it is not a quality basis for the establishment of modern responsibility accounting, which is based on the variation analysis of the realised as compared to the expected by segments of responsibility⁹.

5. CONCLUSION

The research results prove that the accomplishments of the world practice are present in the Croatian hotel industry, given the conditions and evident restrictions. These starting points were used to design the manner of establishing, improving and developing the reporting system in accordance with the *USALI* standards.

⁹ More on this: Persic, M.: Standard Cost and Segment Reporting in Hotel Industry, Collection of works Hotel 2000, Faculty of Tourism and Hospitality Management, Opatija, 2000, p.577-789

Finally summing up the results of this extensive empirical research and other relevant notional experiences, aimed at the improvement of the accountancy reporting in the hotel industry, an array of useful suggestions has been offered: starting from the necessity of additional education for the management of all hierarchical decision making levels about the management accounting and the *USALI*, to the higher introduction of the information technology in this area. A more prompt and a more universal introduction of the entire *USALI*, which would lead to the standardisation of the segment reporting in the Croatian hotel industry and tourism is also suggested. To this purpose it is proposed to establish a branch standard chart of accounts. Croatian Association of Hotels and Restaurants has, in cooperation with other trade associations, been charged to encourage issuing monthly bulletins in order to promote the segment reporting by the *USALI*, which would contribute significantly to the transparency and better quality of accounting reports.

Following the practice of the developed tourist countries in the world and Europe it is necessary to found a "Managerial Accountants Section" at the Croatian Association of Hotels and Restaurants. Its primary task, in cooperation with the Croatian Accountants and Financial Workers Association, would be to participate in the further development of the *Uniform System of Accounts for the Lodging Industries* regarding the organisational, methodological and information aspects. This would guarantee a transparent and uniform basis for the comparison of internal operating results by the standards of this method, to inspire competition and to contribute to the successful operation of hotel enterprises.

The Section would deal with the organisation of business consulting, business and scientific conferences on this subject, accountant and manager education in hotel enterprises on the up-dated accomplishments of the world managerial accountancy, organisation and motivation of the publishing activities, Cupertino in devising and assessment of software programmes which would support and improve the segment reporting. This would ensure the transition from the current low developmental level of the managerial accounting to the higher developmental levels, and force the development of responsibility accounting, whose aim it is to provide timely and transparent information on particular costs, revenues and variable results as part of the integral information system that is able to fulfil the information needs of internal and external users. The further researches and application of useful knowledge in this area is suggested, aimed at the advancement of practical work and greater competitiveness of Croatian hotel industry and tourism.

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Sažetak

ISTRAŽIVANJE POSTIGNUTOG STUPNJA RAZVOJA MENADŽERSKOG RAČUNOVODSTVA U HOTELIJERSTVU HRVATSKE

U cilju ocjene dostignutog stupnja razvoja upravljačkog računovodstva u hotelijerstvu Hrvatske provedeno je opsežno istraživanje na uzorku od 42% svih hrvatskih hotela, koje po svojim osobinama (regionalnoj strukturi, organizacijskom statusu, veličini, vlasničkoj strukturi i obliku organizacije) može uistinu predstavljati relevantnu osnovicu hrvatskog hotelijerstva. Budući da su pretežito zastupljene klasične metode obračuna, može se zaključiti da je računovodstvo još uvijek orijentirano eksternim korisnicima. Najčešće se kao usporedna veličina u kontroli stvarnih troškova koriste ostvareni podaci prethodnih razdoblja, o čemu se obično izvješćuje viša razina menadžmenta i to u mjesečnim rokovima. Neizostavno je potrebno uložiti dodatni napor na unapređenju metoda i tehnika razvrstavanja i obuhvaćanja troškova, temeljenih na suvremenim sustavima i metodama obračuna troškova. Tek u tim okolnostima računovodstvene informacije postati će učestalije, a time dostupnije i nižim razinama menadžmenta u okviru organizacijske sheme koja podržava ustroj računovodstva odgovornosti temeljen na specifičnostima hotelijerske djelatnosti i standardima metode USALI, a uvažavajući izvorne zahtjeve svih razina menadžmenta za sastavljanjem pojedinih izvještaja. Provedeno istraživanje ukazalo je na potrebu intenzivnije primjene metode USALI čime bi se osigurala transparentnost upravljačkih vrijednosno izraženih informacija i ocjena nivoa ostvarenih ciljeva na razini centara odgovornosti analizom odstupanja ostvarenog u odnosu na očekivano, te njihova usklađenost s globalnim ciljevima, kao i usporedba sa srodnim poslovnim sustavima u okruženju, što bi na koncu pospiješilo ukupnu konkurentnost određenog hotelskog poslovnog sustava u utakmici na globalnom turističkom tržištu.

Ključne riječi: računovodstvena odgovornost, računovodstveni izvještaji, međunarodni računovodstveni standardi, izvješćivanje po segmentu, centri odgovornosti, Uniform System of Accounts, hotelijerstvo, hotelski standardi.