

School of Hospitality

Course Code : BSCH3004

Course Name: Housekeeping Management

UNIT -2 Budget and Budgeting Control

Topic 1: Types of Budget

Topic outcome:

- 1: To understand the term budgeting.
2. Interpret the advantages of budgeting
3. To understand types of budgeting and their use

GALGOTTIAS

Name of the Faculty: Ms.Monalisha Dash
BScHM/BHM

Program Name:

Budgeting

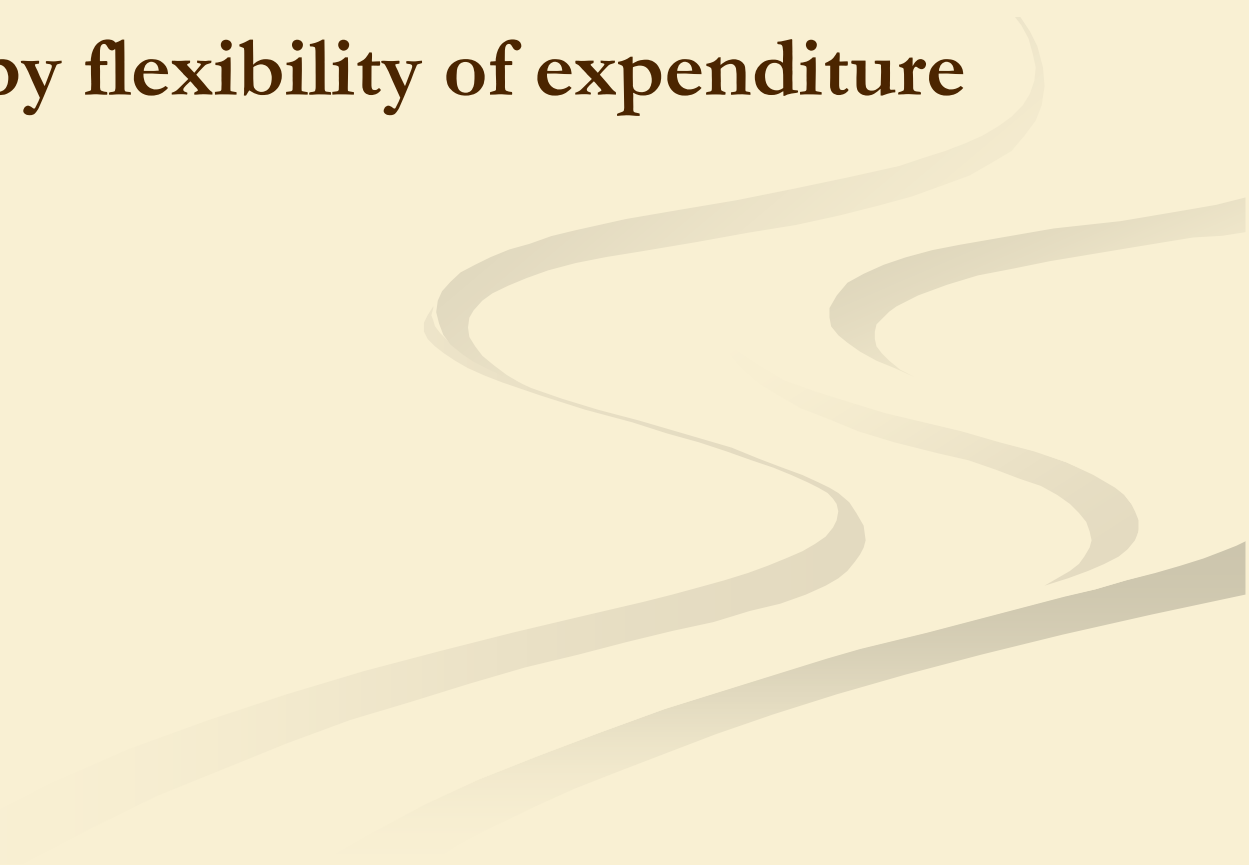
- It is the process by which , based on the actual performance of the establishment in the past, estimates of expenditure are made and adjusted for forecasting future outcomes.
- Budget can be defines in many ways.
- “A budget is a plan which projects both the revenues the hotel anticipates during the period covered by the budget and the expenses required to generate the anticipated revenues”.

Advantages in preparing a budget

- Provides an opportunity for taking a critical look at the costs of the department
- Reviewing past planning and present accomplishment.
- then taking appropriate steps to accomplish more in the coming financial years.
- It also act as guide as to which things need to repair or replacement

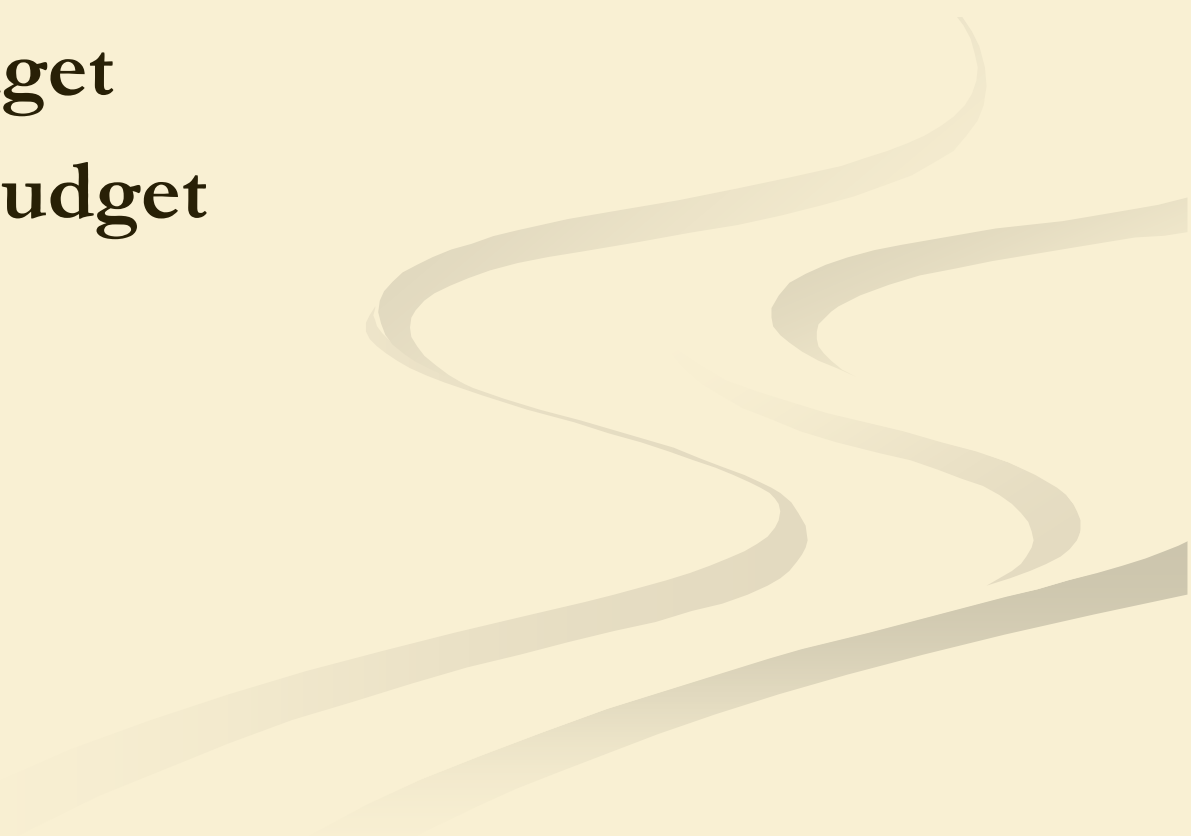
- It helps to determine what valuable pieces of equipment may be purchased or not.
- So it is also act as an instruments by the management for controlling and directives activites especially purchasing activites.
- it acts as a guide that provides managers with the standards by which they can measure the success of operations.

Types of Budgets

- **Categorised Types of expenditure**
 - **Categorised by departments involved**
 - **Categorized by flexibility of expenditure**
- 

Catergorized by types of Rxpnditure

There are two types of budgets

- Capital Budget
 - Operating Budget
 - Pre Opening Budget
- 

Capital Budget

- Capital Expenditure budget is also known as CAPEX.
- Capex budgets allocate the use of capital assets that have a life span considerable in excess of one year.
- These items are not used up in the normal course of operations
- FFF(Furniture, Fixture and Equipments) are typical examples for the same.
- e.g. room attendant carts, vacuum cleaners, carpet shampooers, pile lifters, rotary floor scrubbers, laundry equipment, sewing machines, trash handling equipment

Operating Budget

- Operating expenditure budgets is known as OPEX
- forecasts revenues and expenses associated with the routine operations of the hotel during certain period.
- Operating expenditure are those costs occur during the normal course of business to generate revenue.
- e.g. salaries and wages, non-recycled inventory items - cleaning and guest supplies. outlines the financial goals of the hotel

Pre Opening Budget

- This budget is used for the smooth opening of a new hotel.
- These budget allocates resources for opening parties, advertising, liason and PR.
- It also includes the initial cost of employee salaries and wages, as well as supplies, crockery, cutlery and other items.

References

- **Hotel Housekeeping Operations & Managements (G.Raghubalan & Smritee Raghubalan) --- Oxford Publication**
- **IHM notes site (://www.ihmnotessite.net/5-Housekeeping)**