

UNIFORM SYSTEM OF ACCOUNTING

Meaning of USA:

When several hotels and restaurants follow the same accounting principles and practices, it is called the uniform system of accounting. It is not a separate system or method of recording the transactions of a business enterprise like double entry system or single entry system or cash system or mercantile system of accounting. It simply denotes a situation in which a number of hotel units use the same accounting principles and practices. This system is followed in hotels and restaurants to make meaningful comparison of cost, sales and profit figures of one unit with another.

Advantages of USA:

1. In the uniform system of accounting, the staff members of a hotel unit can easily be transferred to other unit because it will not take much time for the staff members to adjust themselves in the new hotel.
2. It facilitates inter-firm comparison and identification of the causes for higher costs, lower sales, lower profit etc., if any, to take suitable measures.
3. The proposed investors become able to compare the profitability and financial position of different hotels in a comparative form for investment purposes.
4. It becomes easier to decide the amount of rent or royalty of a property to be leased out.

Difficulties in implementing the USA:

1. There may be lack of proper co-operation, mutual trust and understanding amongst the member units.
2. There may not be free exchange of ideas, knowledge and technology amongst the member units.
3. There may not be free exchange of information regarding the method of valuation of closing stocks, depreciation etc.
4. There may be rivalry and sense of jealousy amongst the member units.
5. There may not be use of common heads to record sales of hotels like room sales, food sales, beverage sales, telephone income, laundry income, etc.
6. There may not be the use of common terminology and procedure regarding cost apportionment and cost control.
7. The bigger units may not be prepared to share their experience with the smaller units in order to improve the latter.

Removal of difficulties in implementing the USA:

1. There should be proper co-operation, mutual trust and understanding amongst the member units.
2. There should be free exchange of ideas, knowledge and technology amongst the member units.
3. There should be free exchange of information regarding the method of valuation of closing stocks, depreciation etc.
4. There should be no rivalry and sense of jealousy amongst the member units.
5. There should be the use of common heads to record the sales of hotels like room sales, food sales, beverage sales, telephone income, laundry income, etc.
6. There should be the use of common terminology and procedure regarding cost apportionment and cost control.
7. The bigger units should always be prepared to share their experience with the smaller units in order to improve the latter.