

STANDARD OPERATING PROCEDURE	CODE: AR - 017		PAGE: 1 of 2
	EFFECTIVE:		UPDATE NO.: 0
	INITIATED BY: PRIMA CONSULTANT CO., LTD.		DEPT./SECTION:
	REVIEWED BY:		
	APPROVED BY:		
	SUBJECT:		ADVANCE DEPOSIT POLICY

OBJECTIVE:

To ensure that all advance deposits received are properly accounted for.

POLICY:

1. Advance deposits received from customers must be carried in the City ledger under separate categories.
2. At month-end, for reporting purposes, the net total of such customer accounts must be reclassified in the liability area of the Balance Sheet.

PROCEDURE:

1. Advance deposit payment is common practice in the hotel industry with customers requested to make deposits for future events to be held at the hotel. Either posted through the Front Office system or Back Office system, all advance deposits received must be recorded in to the A/R City ledger in individual customer accounts classified under “advance deposit” sub-category.
2. General Cashier is responsible for receiving the advance deposit from customer and Tax invoice will be issued the original send to customer 1st copy to send to reservation to post in PMS (Advance Deposit transaction would be debt in PMS and contra with credit Advance deposit in General Cashier Report.

Accounts Receivable must keep updated a detailed summary of all advance deposits received, which should include:

- Date of the receipt of deposit
- Name of the guest/company
- Date of the event for which the deposit has been paid
- Original amount received and current balance held

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3. The Credit Manager/AR Supervisor is responsible for ensuring that all deposits are justified. Any past the due date deposits i.e. deposit received for past events, must be clarified. Once all actions have been exhausted, the Credit Manager / AR Supervisor must report to the Financial & Accounting Manager and balance must be cleared as other revenues
4. At month-end, for reporting purposes, the net total of such advance deposits must be reclassified under “Guest deposit” account in the liability area of the balance sheet (by adjustment of credit balance of individual guest ledger).
5. As the General Ledger will show Guest Ledger on a credit balance for advance deposit, at year-end there should be an adjustment from Guest Ledger (Credit Balance) to Liability “Advance Deposit” the these balance will be reversed on the next year beginning.

The Financial Controller is responsible to ensure that sub-ledger and General Ledger accounts have been reconciled

Chief Accountant

Date

Financial Controller

Date

Director of Finance

Date