

<b>STANDARD OPERATING PROCEDURE</b>	<b>CODE: GR - 006</b>		<b>PAGE: 1 of 2</b>
	<b>EFFECTIVE:</b>		<b>UPDATE No.: 0</b>
	<b>INITIATED BY: PRIMA CONSULTANT CO., LTD.</b>		<b>DEPT./SECTION:</b>
	<b>REVIEWED BY:</b>		
	<b>APPROVED BY:</b>		
	<b>SUBJECT:</b>	<b>GROUP CONTRACTS</b>	

**OBJECTIVE:**

To maintain securely process to handle group booking and from prevent loss from cancellation.

**POLICY:**

A group contractual agreement represents a dual financial responsibility for the hotel and the contracting group. A group cancellation represents lost room revenues for the hotel, which may include associated food and beverage and supplemental revenues. It is Hotels' policy to impose deposit requirements and cancellation fees associated with a group's inability to perform its obligations based on the agreed terms of the signed group contract.

**PROCEDURE:**

1. The standard group booking agreement must include deposit clauses in accordance with the credit policy specifying the prepaid amounts to be received to confirm the booking and also they are non refundable.
2. The standard group booking agreement must include cancellation clauses specifying the amounts that will be assessed on a group in the event it cancels. A sliding scale noting the amounts assessed based on specific cancellation dates must be included in each booking agreement.

Credit Facilities	company Location	Minimum Deposits
With credit	Local	30% of total expenses
	Overseas	50% of total expenses
Without Credit	Local & Overseas	50% of total expenses

3. The Financial Controller must audit the sales files periodically to ensure that cancellation clauses are included in all booking agreements. In the event the clause is not included in an agreement, the Financial Controller must notify the Director of Sales, who will then review the agreement and institute action to correct the situation.

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4. On a monthly basis, specifically during the forecasting process, the Director of Sales must review and evaluate each group on the books to ensure that no potential group cancellation is imminent. If is determined a group is “at risk”, the Director of Sales, in conjunction with the General Manager, should assess the group’s financial implication on the forecast and reflect such accordingly.
  
5. In the event of a definite group cancellation, the Director of sales must notify the General Manager immediately. Cancellation fees are then calculated by the Director of sales based on the agreement and billing is arranged and recorded as per the No-Show and Cancellation Fee Policy. The bill should be reviewed by the Financial Controller/Credit Manager/AR Supervisor and then forwarded to the Director of Sales for mailing as an attachment to a letter addressed to the group contact explaining the amounts being assessed.
  
6. It is the Director of Sales’ responsibility to ensure all cancellation fees are monitored and payments are followed up on a consistent basis. It is the Financial Controller and Credit Manager’s responsibility to maintain a log of all cancellation fees biked out noting the date of all cancellation fees billed and due.
  
7. Group cancellation fees may be waived if authorized in writing by both the General Manager and the Director of Sales.

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**Chief Accountant**

\_\_\_\_\_  
**Date**

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**Financial Controller**

\_\_\_\_\_  
**Date**

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**Director of Finance**

\_\_\_\_\_  
**Date**

