

Accounting Treatment of Happy Hour in Evaluating the Performance of the Food & Beverage Department at Hotel X

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Abstract

This study discusses the accounting treatment of the happy hour program in assessing the performance of the Food & Beverage Department at Hotel X. Happy hour is a marketing tactic that aims to increase beverage sales during off-peak hours by offering special promotions, such as buy 1 get 1 free. The research method uses a descriptive qualitative approach with data collection through interviews, observations, and documentation studies and utilizes secondary data sources and primary data. The results showed that the accounting treatment of happy hour program revenue is recorded in the other expense account in the Sales & Marketing department, in accordance with PSAK No. 72 of 2020 and USALI Schedule 7 - Sales & Marketing. Revenue is measured based on predetermined menu prices, as well as market and competitor survey analysis. Presentation is presented in the income statement, and disclosure of this program revenue is disclosed in the notes to the financial statements. The happy hour program has a positive operational impact on the performance of the Food & Beverage department in terms of cost efficiency, sales volume, and service quality.

Keywords: Accounting Treatment, Food & Beverage, Happy Hour, PSAK No. 72, USALI.

1. Introduction

A hotel is a building structure or business entity that offers business services in the form of accommodation services, equipped with food and beverage services, as well as various other facilities (Sebayang, 2022). This sector not only provides accommodation services for tourists but also creates extensive employment opportunities, both directly and indirectly (Fadilla, 2024). The main revenue of hotels generally comes from room revenue, followed by food and beverage revenue, and other revenue (Ivanov & Zhechev, 2012; Tamatompol & Wiryanata, 2024; Vives et al., 2018). Various promotional strategies and methods are implemented to attract guests' attention and increase food and beverage sales in hotels. Therefore, hotels need to implement promotions with appropriate strategies to effectively achieve desired objectives (Zalukhu & Arief, 2020).

Previous research covers various accounting aspects in the hospitality industry, including revenue recognition, food and beverage costs, and environmental costs. On the other hand, this research will examine the accounting treatment related to happy hour programs, how they are recorded in financial statements and the performance of the food and beverage department. Additionally, this research is conducted at Hotel X to provide understanding regarding the accounting practices applied in such promotional programs and whether these practices comply with applicable accounting standards.



Accounting treatment is a series of actions applied to an object related to financial aspects, which includes measurement and valuation, recognition, and presentation (Suwardjono, 2018). In the hotel context, accounting treatment is used to measure hotel performance and operational efficiency, including the Food and Beverage (F&B) Department (Amanamah et al., 2025; Lamminmaki, 2008). The food & beverage department is the department responsible for providing and serving food and beverages to guests, both staying and non-staying, through commercial and professional management. Good performance in the food and beverage department can significantly affect customer satisfaction and hotel profitability (Sebayang, 2022).

Each period, the food and beverage department strives to optimize sales and increase hotel revenue (Tamatompol & Wiryanata, 2024). Hotels must consider various factors such as production costs, marketing, and other costs to ensure these offerings can increase revenue. Revenue generated from happy hour programs and beverage sales will be recorded, processed, and reported by the Income Auditor (Collier, 1998; Hardika et al., 2022). These tasks are performed according to the accounting treatment applied by the hotel to ensure accuracy in revenue reporting. During happy hour programs, guests can enjoy discounts on beverage selections, such as selected drinks and cocktails. To add appeal, some happy hour sessions are also accompanied by live music entertainment or DJs, creating a more attractive atmosphere (Alvarado, 2023). The hotel also actively collects feedback from guests regarding the program to continuously improve the offerings and experiences provided.

The following table shows the total beverage sales data and happy hour sales for the period January - December 2024:

Table 1. Beverage Sales Data, Happy Hour Sales, and Happy Hour Revenue Percentage for the Period January - December 2024

Month	Food Sales (IDR)	Beverage Sales (IDR)	Happy Hour Sales (IDR)	Happy Hour Revenue %
January	1,305,815,921	1,330,431,720	219,321,700	16%
February	1,299,540,192	1,306,136,396	179,820,410	14%
March	1,302,900,389	1,210,170,870	230,561,873	19%
April	1,132,870,400	1,299,871,724	279,809,137	21.5%
May	1,198,650,421	1,213,560,100	330,678,309	27%
June	1,310,450,671	2,050,650,379	525,761,090	26%
July	1,308,786,225	1,460,428,501	405,704,653	27%
August	1,254,809,100	1,309,211,580	329,701,238	25%
September	1,179,350,190	1,205,783,418	336,906,219	26%
October	1,201,432,780	1,240,501,335	248,671,430	20%
November	1,175,620,165	1,289,431,078	287,510,731	22%
December	1,315,549,130	2,340,671,809	545,679,350	23%
Total	14,985,775,534	17,346,849,410	3,920,120,131	267%
Average	1,248,814,628	1,445,570,784	326,676,678	22%

Source: Processed data from the Income Auditor, Hotel X (2025)

Based on Table 1, data regarding beverage sales, sales during happy hour, and the percentage of happy hour revenue from outlets at Hotel X for the period January to December 2024 can be seen. From the data above, the happy hour program shows a significant contribution to total sales, with an average contribution of 22% throughout the year. May and July show the best performance for the happy hour program, which can serve as a reference for future promotional strategies. Referring to USALI Schedule 7-Sales & Marketing and PSAK No.72 of 2020, and the happy hour program categorized as expense promotion, and analyzed

to determine the performance of the happy hour program in increasing revenue and retaining customers. The guidelines mentioned above will be used as references in analyzing the happy hour accounting treatment applied at Hotel X. Based on the explanation above, the author is interested in researching the accounting treatment of happy hour programs used in assessing the performance of the Food and Beverage (F&B) Department in hotels.

2. Literature Review

2.1. Accounting Treatment

Accounting treatment is a series of actions applied to an object related to financial aspects, which includes measurement and valuation, recognition, and presentation (Suwardjono, 2018). Accounting treatment has various interpretations put forward by experts, but essentially the diverse definitions of accounting treatment always emphasize its role as a foundation for achieving effective financial reporting objectives.

2.2. USALI Schedule 7-Sales & Marketing

The hotel accounting standard is USALI, or Uniform System of Accounts for the Lodging Industry (Ukhina, 2021). USALI is published by The Hotel Association of New York City (Nunes & Vieira Machado, 2020). Several discussions of USALI consist of five parts: Part I Operating Statement, Part II Financial Statement, Part III Financial Ratios and Operating Metrics, Part IV Revenue & Expenses Guide, and Part V Gross vs. Net Reporting. This research uses Part I Operating Statement for sales & marketing. The focus of this research is on other expenses, namely entertainment in house. Entertainment in house refers to costs arising from food and beverages used to entertain guests, vendors, and business clients at food and beverage outlets owned by the property or hotel (USALI, 2018).

3. Methods

This research uses a qualitative approach method, with the aim of achieving deep, meaningful, and unique understanding, as well as finding new descriptive findings (Sugiyono, 2020). In this research, the qualitative descriptive method is used to analyze the accounting treatment of happy hour and the performance of the food and beverage department applied at hotel X, using PSAK No 72 of 2020 and USALI as references for this research. The research conducted at hotel X focuses on the finance department, specifically the income auditor section. In this research, there are two types of data used: qualitative and quantitative data. Qualitative data is obtained from interviews regarding recognition, measurement, presentation, and disclosure of happy hour revenue, as well as Food and Beverage Department performance. Meanwhile, quantitative data consists of total beverage sales and happy hour sales during the period January to December 2024. The data sources of this research are divided into two: primary data and secondary data. Primary data is obtained directly from interviews with key informants at the hotel, while secondary data consists of sales tables and information related to restaurants and hotels.

The data collection techniques used in this research include interviews, documentation studies, and observation. Interviews are conducted with key informants to collect information related to happy hour, while documentation studies involve collecting sales data. Non-participant observation is used to observe happy hour programs indirectly. Data analysis is conducted descriptively and qualitatively, following steps that include data collection through observation, interviews, and documentation, data reduction to summarize and select

important data, data presentation in narrative form, and drawing conclusions based on valid evidence (Sugiyono, 2020).

4. Results and Discussion

The happy hour program at Hotel X applies a “buy 1 get 1” concept, where guests who buy one bottle of beverage get one bottle free. Revenue is recognized only from one bottle, while costs for two bottles are classified to expense accounts to avoid cost inflation. Revenue is recorded after purchase transactions and presented in the profit and loss statement, revenue measurement is based on established transaction prices, and related disclosures are presented in financial statement notes.

The accounting treatment of happy hour and food & beverage department performance applied at hotel X based on accounting theory and actual conditions are as follows:

4.1. Recognition

Table 2. Happy Hour Recognition at Hotel X Based on PSAK No. 72 of 2020 Recognition

PSAK No. 72 of 2020	Recognition Applied at Hotel X	Analysis Results
Based on PSAK No. 72 of 2020, in determining revenue recognition, contracts with customers must first be analyzed in three stages:	1) Contracts with customers occur when hotels provide services or products in happy hour programs, where customers agree to buy beverages (buy 1 get 1) free selected drinks for certain periods.	The process of identifying happy hour programs, identifying performance obligations and revenue recognition from happy hour has been in accordance with applicable standards in PSAK No. 72 of 2020. Recognized after beverages are served to guests and their services.
1) Identifying contracts with customer	2) All rights and obligations related to the happy hour program are regulated in contracts with customers.	
2) Identifying performance obligations	3) Revenue recognition in happy hour programs in profit and loss statements is recognized as promotional costs. Revenue recognition in happy hour programs is not done when customers place orders, but when transactions occur, whether beverages or services have been served to guests.	
3) Recognizing revenue when the entity has completed performance obligations.		

Source: Analysis results at hotel X

Based on the table 2 above, it shows that in hotel happy hour programs, revenue recognition follows three stages according to PSAK No. 72: identifying contracts with customers, identifying performance obligations, and recognizing revenue after these obligations are fulfilled. Revenue is recognized as promotional costs in profit and loss statements after products or services are delivered to customers. Therefore, it can be said that revenue recognition from happy hour at hotel X is in accordance with PSAK No.72 of 2020.

4.2. Measurement

Table 3. Happy Hour Measurement at Hotel X Based on PSAK No. 72 of 2020

PSAK No. 72 of 2020	Measurement Applied at Hotel X	Analysis Results
Based on PSAK No. 72 of 2020, revenue measurement is divided into two: 1) Determining transaction prices 2) Allocating transaction prices to performance obligations	1) Revenue measurement is conducted according to prices in happy hour menus established in contracts. This happy hour program is designed based on market price surveys, market analysis of competitors, guest demand patterns and their potential for revenue and hotel policies. 2) Transaction prices are allocated proportionally based on recipes of each item or menu sold to ensure revenue is recognized accurately.	Hotel X has implemented revenue measurement in accordance with PSAK No. 72 of 2020 by determining transaction prices based on market analysis and allocating prices through menus or recipes for revenue recognition from happy hour programs.

Source: Analysis results at hotel X

Based on the table 3 above, it shows that revenue measurement for happy hour programs is conducted through two stages: first, determining transaction prices, which are discounted “buy 1 get 1” prices for certain beverages, established based on happy hour menus and considering market price surveys and competitor analysis. Second, allocating transaction prices to performance obligations by recognizing sales revenue agreed in contracts proportionally based on the value of each item, so revenue is recognized accurately based on fair value received.

4.3. Presentation

Table 4. Happy Hour Presentation at Hotel X Based on PSAK No. 72 of 2020

PSAK No. 72 of 2020	Presentation Applied at Hotel X	Analysis Results
In the presentation stage, when one party in a contract has performed, the entity presents the contract in the financial position statement as a contract asset or contract liability, depending on the relationship between entity performance and customer payments. Entities present unconditional rights to consideration separately as receivables.	Revenue reports in the Income Audit (IA) section include happy hour examined in the discount section and recorded in daily executive packages. In profit and loss statements, happy hour is recorded as food and beverage costs according to cost control procedures. Additionally, the food and beverage (f&b) department has sales recapitulations divided into discount and compliment sections.	Happy hour revenue presentation has been in accordance with applicable standards in PSAK No.72 of 2020.

Source: Analysis results at hotel X

Based on the explanation in table 4, it can be seen that the presentation of revenue from happy hour programs at hotel X has been in accordance with PSAK No. 72 of 2020 provisions. Revenue obtained from happy hour has been included in the hotel's profit and loss statement. Therefore, it can be concluded that financial statements have been prepared well, as they include all transactions that occur, including transactions from happy hour.

4.4. Disclosure

Table 5. Happy Hour Disclosure at Hotel X Based on PSAK No. 72 of 2020 Measurement

PSAK No. 72 of 2020	Disclosure Applied at Hotel X	Analysis Results
The purpose of disclosure requirements is for entities to disclose sufficient information that enables financial statement users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.	Happy hour revenue disclosure at The Laguna Resort & Spa Nusa Dua Bali hotel is presented in notes to financial statements. However, it is not specifically listed in main financial statements, but combined in entertainment expense categories (expenses entertain).	The Laguna Resort & Spa Nusa Dua Bali hotel follows PSAK No. 72 of 2020 by disclosing happy hour revenue in financial statement notes, but combining this revenue into entertainment expense categories reduces transparency and user understanding of cash flows from contracts with customers.

Source: Analysis results at hotel X

Based on the explanation table 5 above, in implementing PSAK No. 72 of 2020, Hotel X has attempted to meet disclosure requirements to provide clear information regarding revenue from happy hour programs. Although this revenue is disclosed in financial statement notes, combining it into entertainment expense categories and not specifically listing it in main financial statements may reduce transparency and complicate user understanding of cash flows generated from contracts with customers.

4.5. USALI Schedule 7-Sales & Marketing

Table 6. Happy Hour Accounting Treatment at Hotel X Based on USALI Schedule 7 - Sales & Marketing

USALI Schedule 7-Sales & Marketing	Standards Applied at Hotel X	Analysis Results
Other Expenses: Entertainment In House - Includes the food and beverage at cost, gratuities, service charges, and sales taxes (if applicable) consumed in the entertainment of guests, vendors, and business clients, in the property's food and beverage facilities.	Expenses arising from this happy hour program are recognized as compliments allocated to other expense accounts (Entertainment In-House) in the Sales & Marketing department	Expense recognition is in accordance with USALI Schedule 7 standards discussing sales & marketing, specifically in other expense accounts (Entertainment In-House)

Source: Analysis results at hotel X

Based on the analysis results in table 6 above, expenses from happy hour programs are recorded in other expense accounts (Entertainment In-House) under the Sales & Marketing

department, used to record complimentary guest expenses, including food and beverages for entertaining guests, vendors, and business clients at property food and beverage facilities.

4.6. Connection to Food & Beverage Department Performance

The happy hour program at Hotel X is designed to attract more customers with “buy 1 get 1” promotions, aimed at increasing sales quantity. Although revenue from this program is not explicitly listed in Food and Beverage (F&B) Department profit and loss statements and is recorded as promotional expenses in the Sales & Marketing Department, this program still provides positive impact on F&B performance by increasing customer numbers and raw material utilization efficiency. Sales data shows that happy hour program contributions reach an average of 22% in 2024, with the highest contribution of 27% in May and July 2024, reflecting good performance. Information from point of sales (POS) systems can also be used to identify consumption patterns and support strategic decision-making, although happy hour revenue is not directly reflected in financial statements.

5. Conclusion

The accounting treatment of happy hour programs at Hotel X has been in accordance with PSAK No. 72 of 2020, where revenue is recognized through three stages and measured based on accurate transaction prices. Although revenue from happy hour is not specifically listed in financial statements and is combined into expense entertain accounts, disclosure in notes to financial statements has been conducted. This program provides positive impact on Food and Beverage (F&B) Department performance by increasing visitor numbers and raw material efficiency, as well as internal data useful for management in cost analysis and performance improvement strategies, although its revenue contribution is not clearly visible in financial statements.

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