

Analysis of Cost Budget and Cost Budget Realization Before and During the Covid-19 Pandemic at XYZ Hotel

Rani Nursyifa¹, Dianila Oktyawati^{2*}

1. DIII Accounting, Department of Economics and Business, Vocational School, Universitas Gadjah Mada, Indonesia

2. DIV Public Sector Accounting, Department of Economics and Business, Vocational School, Universitas Gadjah Mada, Indonesia

*corresponding author e-mail: dianila.oktyawati@ugm.ac.id

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Abstract

This study was carried out at XYZ Hotel, which is a tourism-related services company. XYZ Hotel is two-star establishment in Jakarta. In this study, XYZ Hotel is not the actual name because the management does not desire the hotel name to be published. The name confidentiality refers to confidential financial information. This study aims to determine whether the realization of XYZ Hotel's cost budget before and during the Covid-19 pandemic was effective and efficient. The data used is operational data from XYZ Hotel in 2019 and 2020, supported by information derived from interviews with XYZ Hotel's chief accounting officer. The method is the qualitative descriptive analysis. The technique used for data analysis is the analysis of variance. The results showed that the realization of XYZ Hotel's cost budget before and during the Covid-19 pandemic was effective and efficient.

1. Introduction

Variance is the amount of deviation between the budget and the realization of the budget, which is generally expressed in percentage units. According to Hansen and Mowen (2019), budget variance is the difference between real input costs and planned costs. Variance analysis is an analysis to identify problems, opportunities and help in the decision-making process in the company (Irman et al., 2020). The decision-making process in this company contributes to the company in achieving its goals.

Profit is the main goal for companies engaged in the business sector. According to Hargitas (2013), profits are earned when revenue or client payments are subtracted from the expenditures associated with providing items or services for sale to customers. In this case, the cost element is easier to plan and control than the revenue derived from the customer. Therefore, companies need planning and control of costs to obtain maximum profit. One of the planning and control tools is budgeting. A budget is defined as the quantitative statement of a plan represented in physical, financial, or both units (Siregar et al., 2013). A budget is defined as a forecast or plan that details financial transactions (Sanjaya, 2020). According to Irman et al. (2020), a budget is a management tool in planning and control that is carried out to achieve effectiveness, efficiency, productivity, and ever-increasing profit margins for the company.

The operating budget consists of a revenue budget and a cost budget in service companies. In realizing the operational budget, management cannot quickly achieve the planned revenue target in the revenue budget section because many external factors affect the increase and decrease in income, such as people's tastes, purchasing power, competing companies, etc. It contrasts with realizing the cost budget, which is easier for management to control than realizing the revenue budget. Despite external factors such as supplier price increases, management can still control costs by finding alternative suppliers or reducing other costs that can be reduced. Cost is defined as the price of goods or services that deliver the benefits used to generate profits (Siregar et al., 2016).

In 2020, there was a Covid-19 pandemic in Indonesia, which greatly diminished the Indonesian economy, particularly in the tourism sector. The hotel industry is one of the tourism-related businesses. A hotel is a service company that provides accommodation needs such as room rental, meeting rooms, and other facilities based on the hotel's star level. According to Badruzaman and Kusmayadi (2014), a hotel is a service industry business unit that prioritizes service. XYZ Hotel, one of the two-star hotel businesses in Indonesia, was significantly affected by the decline in its revenue. XYZ Hotel revenue in 2020 during the Covid-19 pandemic decreased by 38.78 per cent from the previous year's revenue of Rp12.434.605.923 resulting in a Rp4.822.731.611 revenue decrease. This was mainly attributable to the government's major-scale social restriction policy for all Indonesians and the ban on foreign nationals visiting Indonesia, which began in the first semester of 2020.

The cost budget and its realization will be analyzed at the end of each period to determine whether the realization of the cost budget was following the prepared cost budget or commonly referred to as variance analysis. Variance data can be presented in either currency units or percentages, but management prefers to give variance data in percentages. At XYZ Hotel, variance analysis is performed at the end of each period to determine whether or not there is a realization that exceeds the budget and not to evaluate the effectiveness and efficiency of budget realization. Analysis of variance is essential for a company to determine whether it can control costs effectively and assess each department's performance in terms of cost-efficiency. According to Alisman (2014), effectiveness is when the achievement of the desired goal through a way that follows the previously determined plan. Efficiency in the budget is a condition where the realization of the cost budget is lower than the costs that have been budgeted to optimize the profit generated. A tolerance limit value is required when performing a variance analysis because deviations between the cost budget and its realization can occur due to still being acceptable. The amount of the variation may be insignificant. Variances less than 5% are considered immaterial, while variances more significant than 10% are deemed material and acceptable for companies with strict standards, according to Shim and Siegel (2010) and Kurniawati et al. (2017). As a result, a tolerance limit of 10% is commonly used for variance tolerance.

Based on the foregoing, the authors believe that a comparison of the budget and its realization is required to determine whether the budget realization at XYZ Hotel was effective and efficient before and during the Covid-19 pandemic in order for management to evaluate and have useful information in decision making. As a consequence, the authors conducted a study titled "Analysis of the Cost Budget and Cost Budget Realization Before and During the Covid-19 Pandemic at XYZ Hotel."

2. Research Method

The study uses qualitative descriptive analysis because this study doesn't aim to prove a theory or examine the relationship of dependent variables with independent variables. The collected data will be compiled or processed using the analysis of variance method. The results will then be interpreted into sentences and analyzed to obtain information and conclusions from the research findings.

This study relied on both primary and secondary sources of data. The primary data is information obtained from direct interviews with employees in charge of budgeting and its implementation, namely the chief accounting at XYZ Hotel. In contrast, the secondary data used is operational budget data and operational budget realization for 2019-2020 obtained through technique documentation. The finance and accounting departments of XYZ Hotel provided the data for this investigation. Based on secondary data, information will be accepted related to costs that have an unfavorable variance or costs that are realized higher than budgeted. Researchers will ask the cause of the high costs realized compared to the costs budgeted through interviews with the chief accounting to obtain primary data in interview results. The interview method is used so that researchers get in-depth information that cannot be obtained from secondary data. The sample used for budget data and budget realization before the Covid-19 pandemic is XYZ Hotel's operational budget data for 2019 and its realization, divided per semester because there was no Covid-19 pandemic in Indonesia in 2019. During the Covid-19 pandemic, the cost budget is based on XYZ Hotel's 2020 operating budget data, which has been revised or re-budgeted due to the Covid-19 pandemic in Indonesia, and the realization of the 2020 XYZ Hotel budget, which is divided per semester. The obtained cost budget data and its realization for 2019 and 2020 are then processed by calculating the variance using Hongren et al. (2008) and Irman et al. (2020) variance formula with the following formula.

$$\text{Variance (\%)} = [(\text{Actual} - \text{Budget}) / \text{Budget}] \times 100$$

If the variance value is greater than zero or positive, the variance is unfavorable; if the variance value is negative, the variance is favorable. The cost budget will be effective if the result of the variance calculation is not an unfavorable variance that exceeds the tolerance limit of 10%. The cost budget will be said to be efficient if the results of the variance calculation include a favorable variance.

3. Results and Discussions

The following is the outcome of calculating the total expense variance from the first semester of 2019 to the second semester of 2020.

Table 1. Budget Variance in Total Expense from 1st Semester 2019 to 2nd Semester 2020

Period	Budget (Rp)	Actual (Rp)	Variance (Rp)	Variance (%)
Semester 1 2019	6.455.474.619	6.043.436.177	(412.038.442)	(6,38%)
Semester 2 2019	6.514.411.308	6.373.845.137	(140.566.171)	(2,16%)
Semester 1 2020	6.294.883.348	5.041.460.455	(1.253.422.892)	(19,91%)
Semester 2 2020	6.319.101.408	3.884.745.833	(2.434.355.574)	(38,52%)

Source: Data processed, 2021

According to variance calculation results, XYZ Hotel was able to streamline budget realization in the first semester of 2019 by 6,38 per cent or Rp412.038.442, in the second semester of 2019, by 2,16 per cent Rp140.566.171. The first semester of 2020 shows 19,91 per cent or Rp1.253.422.892, and the second half of 2020 shows 38,52 per cent or Rp2.434.355.574. The realization of XYZ Hotel's budget from the first half of 2019 to the second semester of 2020 was also effective because XYZ Hotel met its goal of budget realization by not exceeding the unfavorable variance tolerance limit of 10% during that period.

The cost budget was effectively and efficiently implemented from the first six months of 2019 to the second half of 2020. Still, when each cost item is examined in-depth, some costs have an unfavorable variance of more than 10% or exceeds the tolerance limit. The following costs have

an unfavorable variance of more than 10% from the first semester of 2019 to the second semester of 2020. These causes are based on the calculation results and interviews with XYZ Hotel's Chief Accounting and the variance between the cost budget and budgetary achievement before and during the Covid-19 pandemic.

Table 2. The Costs with an Unfavorable Variation of more than 10% in 1st Semester of 2019

Account	Budget (Rp)	Actual (Rp)	Variance (Rp)	Variance (%)
Depreciation of General Building System (Other Exp)	18.155.478	57.115.011	38.959.533	214,59%
Property Tax (Other Exp)	30.790.046	89.124.033	58.333.987	189,46%
Depreciation of Machine (Other Exp)	29.421.195	58.842.390	29.421.195	100,00%
Depreciation of Furniture & Fixture (Other Exp)	64.565.648	86.011.968	21.446.320	33,22%
RM - Provision for Replacement Uniform (Direct Exp)	6.391.500	9.966.498	3.574.998	55,93%
RM - Provision for Replacement China/Gla (Direct Exp)	75.649.648	105.431.135	29.781.487	39,37%
RB - Cost of Food (Cost of sales, Direct Expenses)	24.600.000	30.544.375	5.944.375	24,16%
SM - Telephone & Fax (Operating, Undistributed Exp)	0	144.000	144.000	~
PM - Painting/Decoration (Operating, Undistributed Exp)	3.000.000	5.426.000	2.426.000	80,87%
PM - Vehicle (Operating, Undistributed Exp)	4.500.000	7.870.197	3.370.197	74,89%
PM - Air Conditioning (Operating, Undistributed Exp)	12.000.000	18.872.700	6.872.700	57,27%
PM - Bulbs (Operating Exp, Undistributed Exp)	6.000.000	8.004.200	2.004.200	33,40%
AG - Printing & Stationary (Operating, Undistributed Exp)	2.100.000	2.548.305	448.305	21,35%
AG - Temporary Staff & Daily Work (Payroll, Undistributed Exp)	165.900.000	187.940.620	22.040.620	13,29%

Source: Data processed, 2021

1) Depreciation of General Building System

The depreciation of the general building system included fixed costs because each time additional goods or services were produced within certain limits, the amount did not change. The realization of the depreciation cost of the available building system was 214.59 per cent higher than the budgeted cost in the first half of 2019. The cause is the purchase of new assets. One of which was a large number of purchases of AC ducting, resulting in additional depreciation costs that exceeded the budgeted depreciation costs.

2) Property Tax

Taxes on properties include fixed costs. Since each time additional products and services are manufactured within certain limits, the amount does not change. The cost of property taxes was 189,46% higher during the first half of 2019. This semester, the government's new policy was to increase NJOPs in DKI Jakarta so that the land and building tax payable by XYZ Hotel was higher than expected. The large number of license fees paid by XYZ Hotel is another cause for the high-cost realization of property taxes exceeding the estimated property tax costs.

3) Depreciation of Machine

The machine's depreciation includes fixed costs because each time there are other products or services produced within certain limits, the amount does not change. In the first half of 2019, the machine cost depreciation performed was 100% more than the predicted machine depreciation costs. This is due to acquiring a new machine, so the newly purchased machine has an extra depreciation charge.

4) Depreciation of Furniture and Fixture

Fixed costs are included in the furniture & fixture depreciation since the amount does not change each time additional products/services are produced within certain limits. In the first half

of 2019, the actual furniture and fixture costs depreciation exceeded the forecast cost by 33,22% due to new furniture purchases after the 2019 budget had been compiled at the end of 2018. The furniture should have been purchased in the second half of 2019, but conditions required purchasing new furnishings at the end of 2018 for XYZ Hotel.

5) RM – Provision for Replacement Uniform

Uniform replacement provisions include fixed costs since they do not change the amount each time additional products/services are manufactured within certain limits. The replacement cost scheme was 55,93 per cent higher than the replacement uniform scheme for the first half of 2019. This is because of the addition of uniforms for employees that were not considered before when preparing their budget and many uniforms that had to be replaced. Although it has an economic life, it is substituted.

6) RM – Provision for Replacement China/Gla

The replacement China/Gla provision covers fixed costs because every time there are other products/services that are produced under certain limits that the amount does not change. The replacement China/Gla costs provision was 39,37% higher than the China/Gla replacement provision of the first half of 2019. This was because of the purchase of linen and cutlery with the type of Chinaware.

7) RB – Cost of Food

Food cost includes variable costs because the amount changes according to the number of products or services produced. The realized food costs were 24,16 per cent higher than the expected cost of food in the first half of 2019. This is because of a lack of supervision of the daily purchase of raw materials.

8) SM - Telephone and Fax

Telephone & fax are mixed costs because there are fixed costs, namely the installation of the telephone system and subscription fees and variable costs in the form of telephone charges. Telephone and fax costs for the sales department of Rp144.000 were realized in the first semester of 2019, which had not previously been budgeted. This is due to the previous use of a telephone in the office room by the sales executive of XYZ Hotel, which was also used with the front office department and was categorized as telephone & fax costs for administrative & general operating expenses in the undistributed expenses section.

9) PM– Painting/Decoration

Painting or decorating has fixed costs because the amount does not change when additional products/services are produced within certain limits. The realization of painting or decoration costs was 80,87 per cent higher than the budgeted painting/decoration costs in the first half of 2019. This was due to the repainting of several corridors and rooms at XYZ Hotel, which had been around for a long time since the last painting and ended up costing more than the budgeted amount.

10) PM – Vehicle

Vehicles have fixed costs because the amount does not change when new products or services are produced within certain limits. Vehicle costs were realized 74,89 per cent higher than budgeted vehicle costs in the first half of 2019. This is due to the existence of a car service owned by XYZ Hotel, the cost of which exceeds the budgeted amount due to the need to replace several car spare parts. The need for gasoline that exceeds the budget is another factor in realizing vehicle costs that are higher than the budgeted vehicle costs.

11) PM – Air Conditioning

Fixed costs are included in air conditioning because the amount does not change when additional products or services are produced within certain limits. The actual cost of air conditioning in the first half of 2019 was 57,27 per cent higher than the budgeted cost. This is because there are many air conditioners in the guest rooms that require repairs and regular AC service.

12) PM – Bulbs

Bulbs have fixed costs because the amount does not change when new products or services are produced within certain limits. In the first half of 2019, the actual cost of bulbs was 33,40 per cent higher than the budgeted cost of bulbs. This was since the prices obtained through supplier negotiations were higher than those estimated during budget preparation. Another source of this unfavorable cost variance is replacing room lights with LED lights, which should have been completed in the second half of 2019 but was completed in the first half of 2019.

13) AG – Printing and Stationery

Printing and stationery have fixed costs because the amount does not change when additional products or services are produced within certain limits. The realization of printing and stationery costs was 21,35 per cent higher than the budgeted printing and stationery costs in the first half of 2019. This was due to an increase in printers and office stationery, which exceeded budget estimates.

14) AG – Temporary Staff and Daily Work

Temporary Staff & Daily Work include mixed costs because even when there is no activity to produce products or services, wages for contract employees and daily workers are still given based on the number of hours worked. Wages will increase every time there is an additional service charge from hotel guests staying. The realization of temporary staff and daily work costs was 13,29 per cent higher than the budgeted temporary staff and daily work costs in the first semester of 2019. This was due to the additional daily workers in several departments included in the administrative and general category in the first semester of 2019, which were not previously planned when the cost budget was prepared.

Table 3. Costs with an Unfavorable Variance of more than 10% in 2nd Semester of 2019

Account	Budget (Rp)	Actual (Rp)	Variance (Rp)	%
Property Tax (Other Exp)	85.699.950	109.583.935	23.883.985	27,87%
RB - Cost of Food (Cost of sales, Direct Expenses)	27.900.000	31.790.115	3.890.115	13,94%
RM - Provision for Replacement Uniform (Direct Exp)	6.391.500	7.453.166	1.061.666	16,61%
PM - Building Contract/Material/Supplies (Operating, Undistributed Exp)	12.000.000	13.703.924	1.703.924	14,20%
PM - Air Conditioning (Operating, Undistributed Exp)	9.000.000	13.165.000	4.165.000	46,28%
SM - In House Graphic (Operating, Undistributed Exp)	7.500.000	9.615.200	2.115.200	28,20%

Source: Data processed, 2021

1) Property Tax

Realization of property tax costs were 27,87 per cent higher in the second half of 2019. The government implemented a new policy regarding the increase in NJOP in the DKI Jakarta area in the previous semester, causing the land and building tax that XYZ Hotel was required to pay to be higher than budgeted. Furthermore, the monthly fees charged are more significant than the

2) Property Tax

Realization of property tax costs were 27,87 per cent higher in the second half of 2019. The government implemented a new policy regarding the increase in NJOP in the DKI Jakarta area in the previous semester, causing the land and building tax that XYZ Hotel was required to pay to be

higher than budgeted. Furthermore, the monthly fees charged are more significant than budgeted costs. Another factor contributing to the high realization of property tax costs that exceed the budgeted property tax costs is XYZ Hotel's additional installation of billboards in several areas.

2) RB – Cost of Food

The cost of food realized in the second half of 2019 was 13,94 per cent higher than the budgeted cost of food. This is due to a lack of oversight in the purchase of raw materials, which occurs daily.

4) RM –Provision for Replacement Uniform

The provision for replacement uniform costs realized was 16,61 per cent higher than the provision for replacement uniform costs budgeted for the second half of 2019. This was due to the addition of employee uniforms that were not previously considered when preparing the budget and the large number of employee uniforms that needed to be replaced, even though it still has an economic life, although not as many as the uniform replacement from the previous semester.

5) PM – Building Contract/Materials/Supplies

Fixed costs are included in building contracts/materials/supplies because the amount does not change when additional products or services are produced within certain limits. The cost of building contracts/materials/supplies realized in the second semester of 2019 was 14,20 per cent higher than the cost of building contracts/materials/supplies budgeted. This is due to a large number of building parts that require repairs, causing the purchase of building materials and equipment to exceed estimates during budget preparation.

6) PM – Air Conditioning

The realized cost of air conditioning (AC) in the second half of 2019 was 46,28 per cent higher than the budgeted cost. This is due to many air conditioners in the guest rooms that require repair due to numerous complaints from guests about the air conditioner not working correctly. However, the number of air conditioners that required repairs in this semester, apart from routine maintenance, was less than the previous semester, although the cost still exceeded the budgeted amount.

7) SM – In-House Graphic

In-House Graphic includes fixed costs because the amount does not change when new products or services are produced within certain limits. In-house graphic costs realized in the second half of 2019 were 28.20 per cent higher than budgeted in-house graphic costs. This was caused by taking photos and redesigning designs to produce brochures with the most recent prices, the numbers of which did not match the estimates when preparing the budget.

Table 4. Costs with an Unfavorable Variance of more than 10% in 1st Semester of 2020

Account	Budget (Rp)	Actual (Rp)	Variance (Rp)	%
Depreciation of Other Equipment (Other Exp)	17.991.311	22.658.655	4.667.344	25,94%
Depreciation of Furniture & Fixture (Other Exp)	2.005.242	2.443.576	438.334	21,86%
FO - Employee Benefit (Payroll, Direct Expenses)	0	400.000	400.000	~
HK - Income Tax Allowance (Payroll, Direct Expenses)	1.438.733	1.996.051	557.318	38,74%
HK - Salary (Payroll, Direct Expenses)	52.062.000	57.651.619	5.589.619	10,74%
AG - Income Tax Allowance (Payroll, Undistributed Exp)	6.288.068	11.104.158	4.816.090	76,59%

Source: Data processed, 2021

1) Depreciation of Other Equipment

Other equipment depreciation includes fixed costs because the amount does not change when additional products or services are produced within certain limits. The realized depreciation cost of other equipment was 25,94 per cent higher than the budgeted depreciation cost of other

equipment in the first half of 2020. This was due to the purchase of some new equipment that was not calculated into the budget's preparation.

2) Depreciation of Furniture and Fixture

Since the furniture was damaged before its economic life ended, the realized depreciation of furniture and fixtures in the first half of 2020 exceeded the budgeted cost by 21,86 per cent. The remaining depreciation that should have been recorded in the next period was recorded in the first half of 2020. The new data in April and June also resulted in additional depreciation of furniture and fixture costs in the first half of 2020, previously not calculated into the budget.

3) FO – Employee Benefits

FO – Employee Benefits include fixed costs because the amount does not change when new products or services are produced within certain limits. Employee benefit costs for the front office department of Rp400.000 were realized in the first semester of 2020, which had not previously been budgeted. This was due to the purchase of face shields and vitamins for all front office department employees in March.

4) HK – Income Tax Allowance

HK – Income Tax Allowance includes fixed costs because the amount does not change when there are additional products or services are produced within certain limits. In the first half of 2020, the realization of the income tax allowance for the housekeeping department was 38,74 per cent higher than the budgeted cost. This was due to a pay raise for several housekeeping employees in February and March.

5) HK – Salary

HK – Salary includes mixed costs. Even though there is no activity to produce products or services, salary costs for housekeeping employees are still given a basic salary, and salary costs will increase every time an additional service charge is levied by hotel guests staying. Salary costs for the housekeeping department were 10,74 per cent higher than budgeted costs in the first half of 2020. This was due to pay raises for several employees of the housekeeping department in February and March. Since April, the salaries of housekeeping employees have decreased due to a significant decrease in hotel revenues due to the government's large-scale social restriction policy. Still, the number of the salary increases for housekeeping department employees in February and March has been relatively high. The accumulated salary costs for the first semester of 2020 remain more elevated than the previous semester.

6) AG - Income Tax Allowance

AG – Income Tax Allowance includes fixed costs because the amount does not change when new products or services are produced within certain limits. The income tax allowance was realized 38,74 per cent higher than budgeted in the first half of 2020. This was due to a significant increase in employee salaries in March, resulting in a higher income tax allowance than previously exceeding the budgeted income tax allowance.

Table 5. Costs with Unfavorable Variance of more than 10% in 2nd Semester of 2020

Account	Budget (Rp)	Actual (Rp)	Variance (Rp)	%
Project & Building Renovation (Other Exp)	22.500.000	33.469.410	10.969.410	48,75%
Depreciation of Furniture & Fixture (Other Exp)	2.530.242	3.275.244	745.002	29,44%
Depreciation of Other Equipment (Other Exp)	18.638.208	23.627.156	4.988.948	26,77%
AG - Employee Benefit (Payroll, Undistributed Expenses)	0	550.000	550.000	~
AG - Donations (Operating, Undistributed Exp)	3.500.000	17.600.000	14.100.000	402,86%
PM - Vehicle (Operating, Undistributed Exp)	8.600.000	13.869.576	5.269.576	61,27%
PM - Engineering Supplies (Operating, Undistributed Exp)	4.260.000	6.381.307	2.121.307	49,80%
PM - Floor/Wall Covering (Operating, Undistributed Exp)	1.650.000	2.125.000	475.000	28,79%
Kitchen - Salary (Payroll, Direct Expenses)	0	26.000.000	26.000.000	~
Kitchen - Meal Allowance (Payroll, Direct Expenses)	0	401.092	401.092	~
Kitchen - Jamsostek (Payroll, Direct Expenses)	0	327.000	327.000	~
RM - Printing & Stationary (Operating, Direct Exp)	22.500.000	25.497.837	2.997.837	13,32%

Source: Data processed, 2021

1) Project and Building Renovation

Fixed costs are included in project and building renovations because the amount does not change when additional products or services are produced within certain limits. In the second half of 2020, project and building renovation costs were 48,75 per cent higher than budgeted project and building renovation costs. This is due to the process of restoring the room in the backyard of the building, scheduled as late as September, so in July and August, there were plans to carry out project and building renovation costs that had not been pre-expected. During the second half of 2020, that were higher than budgeted.

2) Depreciation of Furniture and Fixture

Realized depreciation of furniture & fixtures in the second half of 2020 was 29,44% higher than the budgeted depreciation of furniture & fixtures. This was due to the purchase of new furniture, namely the greeter table for the food & beverage department, whose price was higher than the estimate during budget preparation, resulting in additional depreciation of furniture & fixtures in the second half of 2020, which was higher than the depreciation expense calculated at the time budget preparation.

3) Depreciation of Other Equipment

The realized depreciation of other equipment was 26,77 per cent higher than the budgeted depreciation of other equipment in the second half of 2020. This is due to many equipment purchases, including both standard purchases and items required due to the impact of the Covid-19 pandemic, such as disinfectants, thermo guns, sinks in front of the lobby entrance and other tools. As a result, the depreciation cost of other equipment is greater than the depreciation cost of other equipment budgeted.

4) AG – Employee Benefits

AG – Fixed costs include employee benefits because the amount does not change when additional products or services are produced within certain limits. Employee benefit costs for departments included in the administrative & general category of Rp400.000 were realized in the second semester of 2020, which had not previously been budgeted. The purchase of glasses in the finance and accounting department was the cause of this.

5) AG – Donations

AG – Donations include non-operational costs because these costs are not related to the company's business operations. The realization of donations fees in the second half of 2020 was

402,86 per cent higher than the budgeted donations fees. This is due to donation activities that cannot be estimated at the time of budgeting as a form of Corporate Social Responsibility (CSR) to help daily workers who are not working because XYZ Hotel occupancy is extremely low due to the Covid-19 pandemic.

6) PM – Vehicle

Vehicle costs were 61,27 per cent higher than budgeted vehicle costs in the second half of 2020. This is due to the existence of a car service owned by XYZ Hotel that was supposed to be carried out in April and June (first semester of 2020) but it was only carried out in the second semester of 2020, which was not previously budgeted for at the time of budget preparation. Regular gasoline purchases are also one of the factors that contribute to the realization of vehicle costs that are higher than budgeted vehicle costs.

7) PM – Engineering Supplies

Engineering supplies include fixed costs because the amount does not change every time there are additional products or services produced within certain limits. Engineering supplies costs were realized 49,80 per cent higher than budgeted engineering supplies costs in the second half of 2020. This is due to many equipment purchases with costs that exceed the budget, such as equipment for installing a sink in front of the lobby and other equipment.

8) PM – Floor/Wall Covering

Floor or wall covering has fixed costs because the amount does not change when there are additional products or services produced within certain limits. Floor or wall covering costs were realized 28,79 per cent higher than budgeted floor or wall covering costs in the second half of 2020. This was due to the purchase of wallpaper to replace the damaged wallpaper in the guest room, which exceeded the estimate during budget preparation.

9) Kitchen – Salary

Kitchen- Salary includes mixed costs because, even though there is no activity to produce products or services, salary costs for food & beverage employees in the kitchen section are still given a basic salary, and salary costs will increase whenever there is an additional service charge from hotel guests who use room service services. Salary costs for kitchen employees in the food & beverage department of Rp26.000,000 were realized in the second semester of 2020, which had not previously been budgeted. This is because of the sale of new services, specifically room service in food and beverage ordering services delivered to guest rooms. The sale of this service was carried out in order to increase the income of XYZ Hotel's food and beverages, as XYZ Hotel's income decreased dramatically during the Covid-19 pandemic.

10) Kitchen - Meal Allowance

Kitchen - Meal Allowance includes a fixed fee because the amount does not change when there are additional products/services produced within certain limits. Meal allowance costs for kitchen employees in the food & beverage department of Rp401.092 were realized in the second semester of 2020, which had not previously been budgeted. This is due to the sale of new services, specifically room service in ordering food and beverage services to be delivered to guest rooms, resulting in a meal allowance for kitchen employees that includes employee rights and providing basic salary.

11) Kitchen – Labour Social Security (in Indonesian, we called Jaminan Sosial Tenaga Kerja- Jamsostek)

Labour social security in the kitchen includes fixed costs because the amount does not change when additional products or services are produced within certain limits. Labour social security costs for kitchen employees in the Food & Beverage department of Rp327.000 were realized in the second semester of 2020, which had not previously been budgeted. This has been because XYZ Hotel provides a social security fee for kitchen workers in the food and beverages department, which includes employee rights in addition to the provision of basic salaries and other benefits to

guest rooms in the form of the ordering of the room service, in particular food and beverage services.

12) RM – Printing and Stationery

Printing and stationary costs were realized 13,32 per cent higher than budgeted printing and stationery costs in the second half of 2020. This is due to a high demand for printers and office supplies, which exceeds estimates during budget preparation.

4. Conclusions

XYZ Hotel's budget before and during the Covid-19 pandemic can be considered efficient due to the beneficial variance in total expense. Implementing the budget can also be regarded as effective since the company can make the budget available without exceeding its estimated costs by 10%. The most efficient budget implementation in XYZ Hotel is achieved through the budget during the Covid 19 pandemic based on results from the variance analysis. Due to the low occupancy of XYZ Hotel during the Covid-19 pandemic, cost savings are imposed on all departments. However, there are no differences in budget policy between before and after the pandemic Covid-19. Although the cost budget was effectively and efficiently realized before and during the covid-19 pandemic, some costs still have less than 10% unfavourable variance. The most common causes are poor maintenance of fixed assets and less monitored daily expenses due to small amounts and using small cash. In addition, the company is also expected to start considering controlled costs and uncontrolled costs when it will make budgeting.

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