



## Level 5 Diploma in Hotel Management (610) 143 Credits



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| <b>Unit:</b> Hospitality Managerial Accounting   | <b>Guided Learning Hours:</b> 240  |
| <b>Paper No.:</b> 4  | <b>Number of Credits:</b> 24   |
| <b>Prerequisites:</b> Basic Accounting knowledge.  | <b>Corequisites:</b> A pass or higher in Certificate in Business Studies or equivalence.   |
| <p><b>Aim:</b> This unit help learners understand and apply hospitality departmental accounting at the supervisory and managerial levels. It includes information on budgeting expenses, forecasting sales, and financial decision making. Learners will learn about the responsibilities of a hotel's accounting department, advantages and drawbacks of various types of statements and reports, the role of inventory in calculating profit, and more. The unit includes everything learners will need to gain a clear understanding of managerial accounting in a hospitality setting, from application of practical accounting techniques relating to the hospitality industry with concentration in financial statements, internal control, payroll to cost accounting. The unit also has sections on revenue management and dynamic pricing, accounting for gift cards, unsecured bank loans, and profitability indexes. The emphasis is on concepts which managers need to know in order to be effective. The unit also analyses the preparation and interpretation of financial statements, working capital, cost planning and control, break-even analysis, and capital budgeting.</p> |  |
| <b>Required Materials:</b> Recommended Learning Resources.   | <b>Supplementary Materials:</b> Lecture notes and tutor extra reading recommendations.   |
| <b>Special Requirements:</b> The unit requires a combination of lectures, demonstrations and classroom discussions.  |  |
| <p><b>Intended Learning Outcomes:</b></p> <p>1 The hospitality industry accounting system helping to simplify the financial complexities of running your hospitality organization.</p> <p>2 The processing of critically important tasks and recordings of servers, bartenders, kitchen staff, front desk and other hotel financial transactions.</p>  | <p><b>Assessment Criteria:</b></p> <p>1.1 Evaluate and examine the lodging and food services and related industries</p> <p>1.2 Outline the purpose of accounting in the hospitality industry</p> <p>1.3 Analyse the accounting transaction events, recording, communication process, internal and external users</p> <p>1.4 Describe the differences between accounting and bookkeeping</p> <p>1.5 Illustrate monetary assumptions and economic entity</p> <p>1.6 Analyse financial accounting, financial transactions, cost accounting, tax accounting and auditing</p> <p>2.1 Analyse the duties of the hospitality manager in ensuring accurate and timely accounting methods have been achieved.</p> <p>2.2 Explain the accounting formula</p> <p>2.3 Explain double-entry accounting system</p> <p>2.4 Demonstrate how business financial transactions are recorded in journals and ledgers</p> <p>2.5 Develop balance sheet and income statement reports</p> <p>2.6 Explain the Generally Accepted Accounting Principles (GAAP) all hospitality managers must recognise</p> <p>2.7 Outline the (i) going concern principle (ii) time period principle (iii) cost principle (iv) consistency principle (v) matching principle (vi) materiality principle (vii) objectivity principle (viii) conservatism principle (ix) full disclosure principle</p> |

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| <p>3 The different types of adjustment entries, reason for adjustment, account balances before adjustment and the adjustment entries.</p>   | <p>2.8 Analyse the hospitality business cycle</p> <p>3.1 Describe the economic life of business transactions</p> <p>3.2 Analyse the prepayment recordings and the accounting effects</p> <p>3.3 Analyse the accrual recordings and the accounting effects</p> <p>3.4 Analyse the depreciation recordings and the accounting effects</p> <p>3.5 Demonstrate the postings of adjusting entries</p> <p>3.6 Demonstrate accounting for cash sales and credit sales</p> <p>3.7 Outline the accounting for purchasing operations in hospitality</p> <p>3.8 Describe adjustment accountings</p>   |
| <p>4 The sequence of steps in the accounting cycle; analysing and record transactions, post transactions to the ledger, prepare a trial balance, analyze data adjustments and preparing financial statements.</p> | <p>4.1 Demonstrate the preparation of the Trial Balance</p> <p>4.2 Demonstrate the preparation of the Income Statement</p> <p>4.3 Demonstrate the preparation of the Retained Earnings Statement</p> <p>4.4 Prepare of Balance Sheet</p> <p>4.5 Describe how to verify transactions and prepare business financial statements.</p> <p>4.6 Outline the correct sequence of the accounting cycle</p> <p>4.7 Describe the proper sequence for the steps in the accounting cycle</p> <p>4.8 Outline the purpose of a balance sheet</p> <p>4.9 Explain the methods accountants use to display information on a balance sheet</p> <p>4.10 Explain the Balance Sheet content and account formula components</p> <p>4.11 Outline the methods used to analyse Balance Sheet information</p> |
| <p>5 The purpose of the Income Statement to hospitality business owners, investors, lenders, creditors and managers.</p>  | <p>5.1 Analyse the purpose of Income Statement</p> <p>5.2 Demonstrate how to compute the return on investment</p> <p>5.3 Demonstrate the format, structure and design of income statement</p> <p>5.4 Describe hotel revenue categories</p> <p>5.5 Outline factors to be considered in revenue analysis</p> <p>5.6 Outline factors to be considered in expenses analysis</p> <p>5.7 Outline factors to be considered in profit analysis</p>   |
| <p>6 Analysing how Statement of Cash Flow shows all sources and uses of funds from operating, investing and financing activities of a business.</p>   | <p>6.1 Describe the purpose of the Statement of Cash Flows</p> <p>6.2 Outline the inflows and outflows of funds for assets</p> <p>6.3 Outline the inflows and outflows of funds for liabilities and owners' equity</p> <p>6.4 Describe the process and the information required to build a Statement of Cash Flows</p> <p>6.5 Outline the Statement of Cash Flows</p>  |

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| <p>7 The importance of percentages, ratio value, finance leverage and ratio comparators to stakeholders affected by the business' profitability</p>   | <p>analysis methods</p> <p>7.1 Use of liquidity, solvency, activity, profitability and investor ratios</p> <p>7.2 Calculate occupancy percentage ratios</p> <p>7.3 Calculate Average Daily Rate (ADR) ratios</p> <p>7.4 Calculate Revenue Per Available Room ratios</p> <p>7.5 Calculate Revenue Per Available Customer ratios</p> <p>7.6 Calculate Cost Per Occupied Room ratios</p>   |
| <p>8 The factors affecting food and beverage pricing; including how prices for sugar, cocoa, coffee, corn, wheat affect profitability.; including analysis of room rate economics between constant supply of hotel rooms and when supply is not constant.</p> | <p>8.1 Outline the process in assigning menu prices</p> <p>8.2 Explain the marketing and cost approaches to pricing</p> <p>8.3 Describe the importance of understanding food cost percentage and item contribution margin in making appropriate pricing decisions</p> <p>8.4 Outline the operational variables used in menu analysis</p> <p>8.5 Outline the direct relationship between a restaurant's profits and its menu prices</p> <p>8.6 Explain opportunity cost</p> <p>8.7 Outline the importance of understanding law of demand for hoteliers</p> <p>8.8 Describe why hotels have multiple rate plans programmed into its property management system</p> <p>8.9 Explain the Hubbart Room Rate formula</p> <p>8.10 Describe revenue management</p> |
| <p>9 The different possible approaches to examining cost, performance and technologies.</p>   | <p>9.1 Explore the classification of business costs (i) fixed and variable costs (ii) mixed costs (iii) step costs (iv) direct and indirect (overhead) costs (v) controllable and non-controllable costs (vi) joint costs (vii) incremental costs (viii) standard costs (ix) sunk costs (x) opportunity costs</p> <p>9.2 Compute and analyse the relationship between volume, costs and profits</p> <p>9.3 Illustrate costing ending inventory using FIFO, LIFE and Average Cost methods</p> <p>9.4 Explain the variety of useful ways in which hospitality managers view costs</p>   |
| <p>10 The importance of accurate forecasting in hospitality industry as guest service levels or profits will surely suffer and examining what revenue managers in the hospitality industry must know.</p>   | <p>10.1 Describe seasonal and cyclical trends, other directional movements and random variations</p> <p>10.2 Explain the process of forecasting restaurant revenues</p> <p>10.3 Explain the process of forecasting hotel revenues</p> <p>10.4 Describe the effects of stay-over; no-show; early departure and overstay in predicting forecasts</p> <p>10.5 Outline how forecasts of future revenues are based on previous sales</p> <p>10.6 Explain the importance of past operations in predicting future operations</p>   |
| <p>11 Understand how the budget (financial plan) helps hotel managers in achieving future goals and what to consider when making hotel sales forecast and budgeting.</p>  | <p>11.1 Define long-range budge; annual budget and achievement budget</p> <p>11.2 Describe the purpose of operations budgets</p>  |

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| <p>12 Capital budgeting techniques, capital investment decision, financial alternatives and taxation issues in e-commerce.</p>   | <p>11.3 Describe the purpose of cash budgets<br/> 11.4 Describe the purpose of capital budgets<br/> 11.5 Outline an effective management control system for a hotel<br/> 11.6 Describe the principles of internal control system<br/> 13.7 Describe advantage and disadvantage of preparing and using budgets</p> <p>12.1 Outline how capital budgets are used to plan and evaluate purchases<br/> 12.2 Demonstrate how investors balance the concepts of risk with that of reward<br/> 12.3 Define Time Value of Money<br/> 12.4 Produce (i) savings rate of return (ii) payback period (iii) formula variations<br/> 12.5 Compare and contrast debt vs equity financing<br/> 12.6 Outline advantages and disadvantages of (i) leasing (ii) buying<br/> 12.7 Describe hospitality industry taxes</p> |
| <p><b>Methods of Evaluation:</b> 2½-hour written essay examination paper with five questions. Candidates are required to answer all questions. Each question carries 20 marks. Candidates also undertake project/coursework in Hospitality Managerial Accounting with a weighting of 100%.</p> |   |

### Recommended Learning Resources: Hospitality Managerial Accounting

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| <p><b>Text Books</b></p>  | <ul style="list-style-type: none"> <li>• Hospital Accounting Practices: Managerial Accounting by Robert W. Broyles. ISBN-10: 0894433768</li> <li>• Hospitality Management Accounting Martin G. Jagels. ISBN-10: 0471687898</li> <li>• Hospitality Industry Managerial Accounting Raymond S. Schmidgall. ISBN-10: 0866123598</li> </ul> |
| <p><b>Study Manuals</b></p>  | <p>BCE produced study packs</p>  |
| <p><b>CD ROM</b></p>         | <p>Power-point slides</p>  |
| <p><b>Software</b></p>       | <p>None</p>  |